FINANCIALTIMES

Star wars: what the technology means, Page 15

No. 29,689

Wednesday July 31 1985

D 8523 B

Damascus supplies tanks

World news

to Shias Syria supplied Amal, the main-stream militia of the Shia sect in Lebanon, with up to 50 T-54 tanks, in a move probably aimed at pressing the Maronite Christians into

Amal has not previously pos-sessed tanks but is the largest Lebanese militia with an estimated 6,000 men under arms. The tanks will give the movement military superiority over the Christian Leba-nese forces. Page 16

Ambassador recalled South Africa recalled its ambassad-

or-designate to the U.S. for consultation. A foreign affairs spokesman in Pretoria declined to give reasons for the recall, Page 6 Tutu refusal

Bishop Desminad Tutn, last year's Nobel Peace Prize winner, refused to renounce civil disobedience in the fight against apartheid. Page 6

Okello sees Nyerere

Uganda's new head of state. General Tito Okello, flew to Dar es Sa-laam for talks with Tanzania's President Julius Nyerere. The opposi-tion Democratic Party is backing the new regime, but the National Resistance Army rebels are not.

Wine arrests

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Austrian police arrested four more men, including a West German, in connection with the country's wine-doctoring scandal, lifting the num-ber of detentions to 20.

Sikh shooting

Shooting broke out in Amritsar between supports and opponents of a Punjab peace plan during a meeting in the Golden Temple of moderate Sikhs who back the agreement signed last week. Page 5 U.S. base review

Sonin wants to start reviewing the

Afghan rebels killed Soviet bombers killed 120 Afghan

troops in an operation to attack guerrillas. Rebels launched a nightlong attack on Kabul-airport, according to Western diplomats.

Air safety accord

Union agreed in Pokya-to set up a airline, expects a further rise in communications system to assure earnings for the current year after the safety of civil aviation over the it recorded an almost 8 per cent in-

BBC film withdrawn

The BBC will not show a film about political violence in Northern Ire-land which includes an interview with a men said to be the chief of staff of the Provisional IRA. The withdrawal of the film follows a protest by Prime Minister Margaret Thatcher, Page 8

Bomb in Tehran

Funeral delay

A bomb which exploded in Tehran outside a public telephone killed three people and injured five others.

France is keeping for two weeks the body of Shahnawaz Bhutto, found dead in Cannes two weeks ago, to test for poison. In Pakistan supporters of his executed father, former Premier Zuffikar All Bhotto, plan to dely a travel ban to attend his son's now delayed funeral in the province of Sind.

Israeli alert

Israeli police were put on alert against possible retaliation, and the West Bank town of Nablus was under curlew after a Jewish civilian was shot dead. Page 6

Britoil issue to raise £434m

THE UK Government will receive about £434m (\$616m) from the sale of its remaining 49 per cent in Britoil, the world's largest independent oil exploration company. The shares are being offered at 185p compared with the closing price of 2000 in London. Page 8 WALL STREET: The Dow Jones in-

dustrial average closed 2.24 up at 1,346.10 Page 38 LONDON was bolstered by hopes of a further cut in base rates. The FT

index rose 3.6 to 936.0. TOKYO stocks were lower and the Nikkei Dow market average plunged 321.53, its second largest

ever one-day loss, to close at 12,269.89. Page 38 DOLLAR showed small mixed changes in London, falling to DM 2.817 (DM 2.819) and FFr 8.57 (FFr 8,595), but rising to SwFr 2.2955 (SwFr 2.288) and Y237.3 (Y237.1). On Bank of England figures the dol-lar's exchange rate index was un-changed at 138.8. Page 31

STERLING was weaker in London, Istrictive was weaker in London, losing 60 points against the dollar to \$1.423. It also declined to DM 4.0 (DM 4.03), FFr 12.175 (FFr 12.285), SwFr 3.2575 (SwFr 3.27) and Y336,75 (Y338.5). The pound's exchange rate index fell 0.3 to 84.4. Page 31

GOLD fell \$2.50 on the London bullion market to \$325.75. It was also lower in Zurich at \$324.90. Page 30 In New York the Comex August

BRAZIL'S inflation rate for July was 8.9 per cent, the highest under the Samey government, but the tar-get of 180-190 per cent for the year

CHINA'S economy is still expanding, with industrial output almost three times greater than planned.

NATIUNAL WESTE food in October to bring them into UK's second-largest bank, boosted line with the new strategy mulications of Spanish membership of Nations of Spanish membership of Nations of Spanish membership of Nations (\$503m) in the first half of the year. These first results in the banks' interim reporting season were well below expectations.
Page 8: Details, Page 23; Lex,
Page 16

BRIDGESTONE, Japan's largest tyre maker, lifted pre-tax profits 15 payments in the \$14bn foreign debt cism of his generally passive attiper cent to Y21.12bn (\$8.9m) from to no more than 10 per cent of tude to financial matters.

Page 20 Japan, the U.S. and the Soviet SWISSAIR, Switzerland's national

crease in 1984 to SwFr 60.7m (\$26.6m).

MANNESMANN chief executive Franz Josef Weisweiler died yesterday, aged 57, after a brief illness. Page 17

HANSON TRUST is to sell Interstate United, its U.S. food service offshoot, to TransWorld for \$92.5m.

BANKAMERICA, which reported a \$338m second quarter loss, announced it was cutting 2,000 jobs at

Page 17 ROBERT BOSCH, the West German electricals and vehicle components concern, has merged its two manufacturing companies in Spain to help streamline operations and

cut costs. Page 17

Japan will expand home market to ease trade tension

BY JUREK MARTIN, FAR EAST EDITOR, IN TOKYO

MR YASUHIRO NAKASONE, Japan's Prime Minister, yesterday, promised to expand the domestic economy in a further attempt to resolve trade friction and forestall

In a statement and a televised press conference accompanying the announcement of Japan's new three-year "import action programme," Mr Nakasone said: "I be-lieve efforts to expand domestic demand are required together with market liberalisation."

The package includes 88 measures designed to ease import procedures, promises to raise the number of government contracts awarded through competitive bidding, a relaxation of interest rate controls, and an easing of regula-tions on weight limits and crew numbers for commuter aircraft, as well as the elimination or reduction of tariffs on about 1,860 items and a pledge to discuss market access for 22 agricultural products subject to

Reacting to the package in Washington, Mr Larry Speakes, the White House spokesman, called the measures "encouraging" and cited the capital market liberalisation as progress we have long encouraged." National trade associations

to reopen for business tomorrow.

The U.S. trade deficit jumped to \$13.4bn in June, its highest level since the \$13.8bn deficit recorded in July 1984. The increase was spurred by a surge in imports sparred by a surge in imports from Japan and a sharp rise in oil imports. The news brought another plea from Commerce Secretary Malcolm Baldrige for a further substantial drop in the value of the dollar. Page 6

In Brussels, the European Commission was reserving judgment. M Jacques Delors, the Commission's President, said the package would be studied in detail before the October talks between the EEC and Ja-

Mr Nakasone announced the creation of a special working group, including Cabinet and leading party officials, to produce recommendamand. It is to report in the next few months. He said the focus would be on policies advanced by an earlier advisory committee report, under the former Foreign Minister, Mr Saburo Okita, published in April.

Its ambitious, but still general, agenda, which Mr Nakasone caremet yesterday to consider the mea-sures, but those prepared to com-further deregulation, the spread of

Peru set for austerity

package as banks shut

PRESIDENT Alan Garcia of Peru Peru's export income and that there The incoming Garcia Govern-yesterday announced the closure of would be an ansterity programme ment is committed to sweeping all banks and other financial insti-independent of the demands of the sway unproductive investment

The 38-year-old Social Democratics leader was installed as President Despite Peru's severe economic of the Peruvian workforce is in full-

on Sunday.

In his mangural speech, he said that Peru was in a grave economic crisis, that he would limit service controls and brushed aside criti-

tutions for 48 hours. They are due International Monetary Fund.

Peru is deeply in arrears with

the five-day working week, harnessing the private sector into new public works projects and meaning-

ful tax reform.

Though Mr Nakasone stressed that the Government was still bound to a course of fiscal austerity brought on by its indebtedness, hi commitment represents a signifi-cant shift in official policy. It was widely interpreted in Japan as reflecting the genuine concern in To-kyo that the U.S. Congress and per-haps, in its wake, the European munity, is about to embark on serious retaliation against Japa-

nese exports. Japan, Mr Nakasone said, now faced "a critical moment" in its fight against protectionism. It was imperative that Japan dispelled what he called the erroneous foreign per-ception that it discriminated against foreign goods and services or was irresponsible in playing an insufficient role in the global econo-

Although the import action programme was fleshed out with a wealth of detail yesterday, even Japanese officials concede it can make little difference to the nation's trade surplus in the short term and certainly not before the

Continued on Page 16 Background, Page 3

Restrained tone by **Soviet** Union at Helsinki

By Robert Mauthner, Diplos Correspondent, in Heisinki

MR EDUARD SHEVARDNADZE. yesterday marked his first appearance at an international conference since becoming Soviet Foreign Min-ister four weeks ago with a notice-ably moderate appeal to the U.S. for co-operation on a relaxation of in-

Mr Shevardnadze's speech the conference celebrating the 10th anniversary of the signing by 35 countries of the Helsinki agreement on Security and Co-operation in Europe - was free of the sharp rhetoric which had characterised the most recent declarations of his predecessor, Mr Andrei Gromyko.

But though the tone was more conciliatory, there was little indicaion in the speech of a narrowing of the gap between the U.S. and the Soviet Union on essential issues such as nuclear arms control, the American space weapons research programme and respect of human

If anything, the contribution to the proceedings of Mr George Shultz, the U.S. Secretary of State, sharply underlined the disagreement between the two countries in this field. Mr Shultz, who is due to have his first private meeting with his Soviet counterpart today, devoted almost his entire speech to the human rights provisions of the Hel-sinki agreement.

sinki agreement.

If any single lesson had emerged from the 10-year history of that agreement, Mr Shultz said, it was "precisely that the interests of individual human beings are a fundamental part of security and stability."

Among specific human rights violations referred to by Mr Shultz were the sharp fall in the number of Soviet Jews allowed to emigrate from 51,000 in 1979 to 896 in 1984 and more than 20 cases of American/Soviet marriages in which the Soviet spouse had been denied exit

Mr Shultz also spoke of the dire plight of members of the Soviet-Helsinki Agreement monitoring groups, two of whom, Mr Yuri Orlov that the move signals the implementation of a tough new economic austerity programme, the devaluation of the initiary disconnected to reach \$1bn by the end and Mr Anatoly Shcharansky, were tion of the inti and the imposition of exchange controls.

The 36-year-old Social Democratic leader was installed as Description. bour camps. Mr Andrei Sakharov, the Nobel peace prize winner and "the man who more than any other represents the ideal enshrined in the final act," remained totally isoile. Mr Shultz said.

UK employers warn of check to economy

BY MAX WILKINSON IN LONDON

the UK is showing some signs of to rise by 7 per cent after a rise of slowing, the Confederation of British Industry (CBI) said yesterday.

The group's latest quarterly survey of more than 1,500 manufacturing correction characters. ing companies showed, however, that demand and output were growing quite strongly in the second

ter of the year, with evidence

quarter of the year, with evidence that inflationary pressures are de-Companies reported that they are making much fuller use of their available capacity, and most are ex-pecting output to continue to rise through the summer and early au-

tumn, although at a slower rate. The CBI warned, however, that the survey suggested that the recov-ery could be "losing some of its momentum" for several reasons:

 Optimism about future export prospects fell sharply compared with the levels recorded in previous quarterly surveys. The rate of increase of export orders was also less than in the earli-

er part of the year. Export prices also appeared to be squeezed.

• Manufacturers are continuing to lay off workers after a brief period

ery is likely to stop growing in the next 12 months, although for 1985

THE PACE of economic recovery in as a whole investment is expected

crease in July, with 68 per cent of companies saying their views were unchanged. This compared with a significant rise in optimism in April, but is roughly in line with the results of the October and January

Mr David Wigglesworth, chairman of the CBI's economic situation committee said: The first half of the year has been a good one for manufacturing industry, but business is now revising its forecast of growth downwards, faced with con-tinued high interest rates and the consequent depreciation of the

The survey was conducted earlier this month when British banks' base lending rates were 12% per cent rather than the present 11½ per cent. Mr Wigglesworth said this fall would make little difference to the overall picture and he believed the CBI's forecast of overall economic growth of 4 per cent this year would be lowered.

shake-out of labour might be coning to an end.

I never the coning to an end.

In lowestment in plant and machinary is likely to contain the contains of other forecasters, includence that the shake-out of labour might be contained.

However, this would only bring the CBI back into line with the conserve is likely to contain the contained of the Continued on Page 16 Details, Page 10

Reduced lending to non-BIS countries

BY ALEXANDER NICOLL IN LONDON

INTERNATIONAL bank lending to countries outside the industrialised world contracted in the first quarter Bank for International Settlements (BIS) began compiling the data in

The \$2.4im decline in loans outstanding to these countries - which by \$600m in the first quarter. include developing nations and include developing nations and The Latin American countries, Eastern Europe as well as some de- which had been building up re-| veloped countries - was accompanied by a \$3.8bn decline in their dethe preceding three months.

The statistics meant that counlated from the world in internal ex-- the major industrialised countries Continued on Page 16 and offshore banking centres - returned to the role of a net taker of sunctions, Page 2; Shultz under pressure, Page 6; Editorial comment, Page 14 inter to the total to a feet case of funds, although only on a very modest scale, after having supplied a net amount of \$15.4bn to the banks intring 1984," the BIS said.

The bulk of the contraction in lending was accounted for by non-Opec developing countries, particuof 1985, for the first time since the larly Israel and Egypt where the movements of funds appeared to be largely seasonal. Banks' claims on Latin America, the region worst hit by the international debt crisis, fell

serves held on deposit at international banks since the first quarter posits with the banks, a marked of 1983, reduced them by \$300m, reversal from a \$9.7bn increase in with Colombia and Peru both showing relatively large drawings.

across borders by international banks showed a healthy \$53bn increase, well ahead of the \$32.5bn growth recorded in the same quar-

Background, Page 17

Italy plans to sell state bank stake to European institutions

BY ALAN FRIEDMAN IN MILAN

stitutional investors the possible £100m (\$142m) partial privatisation of Banca Commerciale Italiana (BCI), Italy's second largest state-

owned bank. Institutions in London would be offered about £50m-£60m worth of its world banking division as part of BCI shares, with the remainder to a restructuring move designed to be sold in Italy and elsewhere in Europe.

IRI, the Italian state holding XEROX, the U.S. office equipment group, reported a 35 per cent gain in second quarter earnings to \$118m against \$88m previously. cent BCI, with investors in Italy and abroad. In the UK investors have reportedly been receptive to the soundings taken by Warburg in the past few days.

Although the placement under discussion would see IRI's control of BCI diminished by only 13 per HILL SAMUEL New Zealand, the merchant bank, has joined a leading New Zealand stock broker, Francis, Allison, Symes and Company, to set up an investment bank.

If the plan is approved by the IRU board it will represent a significant of the SME foods privatisation of the SME foods group.

In April IRI signed an agreement to sell its SME subsidiary for playees, 443 branches in Italy, 12 L497bn to Sig Carlo de Benedetti, branches abroad and 19 representational offices abroad.

S. G. WARBURG, the UK merchant bank, and Soditic, the Swiss bank which is 40 per cent owned by Warburg, have been discussing with inowned in the private sector.

BCI shares stood at L24,000 (\$12.70) on the Milan Bourse yesterday. At this price a 13 per cent that political interference has disstake would have a market value of rupted the original privatisation about L260bn. The placing price is plan. likely to involve a discount on the bourse price.

In Italy, Mediobanca, the pow-erful IRI-controlled merchant bank, would handle the placing of about half the 13 per cent stake in BCL Warburg and its Rowe & Pitman stockbroking arm would handle the stockbroking arm would handle the placement of just over 5m shares. Soditic, the Geneva-based Warburg affiliate, would also join in the placing operation.

group, which is still recovering tweness to investors. The banks from the debacle of its attempted

to Citicorp of the U.S. for \$130m. Banca Commerciale reported a 64 per cent leap in its 1984 net profits, to L912bn. The bank's total depos-

its at year end amounted to L62,370bn, a rise of a quarter on

present capital base stands at

board meeting tomorrow how to proceed on the several counter-offers it has received for SME now

them at very deep discounts - in

many cases well over 25 per cent.

The most recent example of the privatisation of an Italian state bank came in May when IRI's Banco di Roma sold its 74 per cent of the Naples-based Banca Centro Sud

The BCI share placement plan comes at a delicate time for the IRI should further enhance its attractions which is still recognition.

BCI expects an important new capital increase from IRI, which should further enhance its attractions.

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Languetin prescribes 'zone of monetary stability' for Europe

THE TIME is ripe for European postulated since the 1950s. "If you could have on to to move decisively towards the construction of a "zone of monetary stability" in Europe. This is the "conviction" of M Pierre Languetia, president of the Swigs National Position of the Swiss National Bank. An essential element in such moves would be for Britain to join the European Monetary System (EMS), M Languetin believes.

The need for concerted action The need for concerted action within Europe has been heightened in his view by the "unacceptable and unhealthy" situation on the foreign exchange markets this year.

M Languetin says the dollar's climb to SwFr 2.93 from SwFr 2.25 and subsequent fall back to SwFr 2.35 has demonstrated to investors a "justified strated to investors a "justified apprehension about the vola-tility of exchange rates."

Europe, he says, should see the seemingly-intractable problem of the U.S. budget deficit as a challenge to improve and by renewed efforts to give reality to the convergence of economic policies among Fermi pean countries.

ONE OF West Germany's five

major economic institutes warned

yesterday that the country's current

economic upswing is showing signs

of fragility. It also described as

"half-hearted" plans to introduce next year a DM 20bn (\$7.1bn) tax

The Munich-based IFO-institute

said that while growth this year -

cut in two steps instead of one.

a zone of monetary stability a zone of economic and price stability, you would create in the long term (it cannot be done overnight) the necessary fundamentals for the European economies to become a European market of the size, importance and efficiency of the U.S.

He speaks with the authority of a central bank governor in an important financial centre whose currency plays a big role on international capital markets. Switzerland is also a member of the Group of Ten industrialised countries (now 11 with Switzerland's accession)

approach is that investors in Europe need a big domestic market—"a real economic area"—similar to that which American and foreign investors enjoy in the U.S. If Europe is to achieve economic growth with price stability and to curb unemployment.

M Languetin took over the leadership of the Swiss central bank from Dr Fritz Leutwiler at the beginning of this year. He was expected to bring a more subdued style to the office as a challenge to improve and than his outspoken predecessor better co-ordinate its own monetary and economic policies.

Action on the manufacture tends than his outspoken predecessor better co-ordinate its own monetary and economic policies.

economic policies among Euro- now spelt out both his appre-rean countries, which has been hensions about European

narket." M Languetin says.

The concept underlying his opposed is that investors in

M Languetin expects "no spectacular decisions" to come from the annual meeting of the International Monetary Fund (IMF) in Seoul this October, to which both the Group of Ten and the group of 24 develop-ing countries will be reporting international monetary re-

He finds it more relevant to concentrate on those countries which bear the greatest responwhich bear the greatest responsibility for world economic activity and in particular to focus on ways of accelerating growth in Europe.

Ideally, M Languetin believes, four conditions need to be met in the short term, to

ensure world economic stability and growth: O Drastic decisions should be

Bundesbank to ease tight monetary

The worldwide fight against inflation must be sustained;
There should be no reflation through budget deficits in Europe and Japan;
Greater flexibility must be achieved in capital and other markets to allow adjustments

to be made more swiftly. M Languetin's prescription for more concerted mozetary and economic policies in Europe is addressed primarily to the capitals of the EEC. of which Switzerland is not a member. What then would Switzerland's role be?

The banker reverts to diplomatic phrasing: "If there was a firm determination to move in the monetary field, to move towards greater stability in prices and in foreign exchange, we would seek ways and means of co-operating."

The EMS could not be opened to non-members of the EEC.

to non-members of the EEC. to non-members of the ELC. Here the key was Britain's participation, which would at once help to create "a sense of monetary stability."

postulated since the 1950s.

"If you could have on top of and his feeling that opportunities are there to be grasped.

The worldwide fight against inflation and the annual target for the growth in the money supply.

> Switzerland did not take part in the action of central banks last February, led by the West German Bundesbank, to stem the rise in the dollar, but M Languetin says he sees "some merit" in intervention to give a signal to the market, provided it is carefully concerted by the central banks most concerned. Intervention in the currency markets could also be useful if a central bank wanted to alter its monetary policy. But, M Languetin stresses, the Swiss national bank does not favour regular or automatic interven-

regular or automatic interven-tion by central banks.

On the subject of the Swiss franc, he says the bank had set no boundaries for the movement the central bank had set the franc against the dollar or D-mark at which it would automatically intervene.

It has been generally assumed that the central bank had some such limit for the same and notes should not be issued abroad. The hard-

that the central bank had some such limit for the franc/D-mark Non-members of the community, however, could join in concerting economic policies. But, M. Languetin says, the proper approach would be the that the central bank had some such limit for the franc/D-mark rate, but M Languetin says the bank wants to preserve its discretion to assess any given situation. rate, but M Languetin says the franc has been liberalised, bank wants to preserve its M Languetin has been

reason for changing the national for hedging risk are being bank's position on the money developed for investors and supply, he says. The official larger for 1985 is a 3 per cent On IMF membership, he says

growth in the monetary base. Seen against the 6.5 per cent depreciation recorded in 1984, some lost ground has been re-gained, M Languetin says. The national bank was criti-

cised at the beginning of the year for not tightening its monetary target: had it done so, it would now have to change course and could have provoked wider fluctuations in the interest

and exchange rates.

The bank says M Languetin, sees no point in jumping at each wave on the currency mar-

instruments but use of the Swiss M Languetin has been sur-prised at the speed with which use of the European Currency

land where priority goes to the of the Swiss franc on a tradefight against inflation and the weighted basis between midmain instrument is a low June and mid-July was no under which all kinds of devices

On IMF membership, he says the Swiss Federal Council (Government) has taken a decision in principle to join the IMF and the World Bank, but implementation will not take place until after next March's referendum on Swiss accession to the United Nations.

Switzerland's purpose in joining the IMF would not be to become a candidate for standby functioning. Switzerland would cretainly not wish its present influence to be diminished by joining." loans but to contribute to its

The implication of this remark is that the Swiss would expect to have a permanent director in the IMF.

On bank secrecy, M. Languetin says Switzerland is willing to prevent the abuse or misuse of its regulations but "not to the mint of self-mortification." the point of self-mortification."
The authorities are auxious to prevent secrecy being misused to the detriment of Switzer-

Shell makes big oil find off Norway

NORSKE SHELL, a subsidiary of Royal Dutch/Shell, has made a significant oil strike on the Norwegian continental shelf, according to the Norwegian Petroleum Directorate, Reuter

according to the Noveguar Petroleum Directorate, Reuter reports from Oslo.

The find, on block 6407/9-3 in the Draugen field off central Norway, tested light oil at 15,700 barrels per day, it said.

"This is among the best independent results carried out on the Norwegian shelf."

The Directorate said that the test results were obtained through a 50.8mm choke, adding that the results confirmed previous estimates that the field contained approximately 250m barrels of crude.

A Shell spokesman said the company was satisfied with the drilling results and was already drilling a fourth well on the block but it was too early to

drilling results and was aready drilling a fourth well on the block but it was too early to speculate about development of the field.

the field.

However, the company is believed to have discovered hydrocarbons in the fourth well and is currently testing core

samples.

The Oil Directorate said the total depth of the well was 1,843 metres and it was drilled in 279 metres of water. The oil, discovered in Elder Jurassic sandstone, was light with a low

gas content.
Shell, operator of the Draugen field with a 30 per cent ownership share, has discovered oil in all test wells so far drilled

Coalition in Italy plans city tie-ups

LEADERS of the parties that make up Italy's ruling coalition have agreed that their five-party formula is to be applied in many of the country's most important local governments. The agreement heralds a significant change for the administration

of Milan, Rome and Turin. Regional elections last May saw the Christian Democrat Party increase its vote and the coalition government headed by Sig Bettino Craxi, a Socialist,

strengthen its position.

In Milan, the five-party formula will mean the end of the Socialist-Communist coalition led by Mayor Carlo Tognoli which has been in power for nine years. Sig Tognoli, who is also a European MP, will remain mayor but the Communists will be forced into opposition. The local coalition will consist in-stead of Christian Democrats. Socialists, Republicans, Liberals and Social Democrats.

The same formula is likely to be applied in Rome, which has had a Communist mayor for several years, and in Turin, where a Communist-Socialist coalition has governed. The only big northern city likely to retain a Communist leadership will be Bologna.

Amnesty claims out of date. savs Turkev

TURKEY CLAIMED yesterday that the latest Amnesty International report on torture there is a compilation of the previous

is a computation of the previous year's report, covering mostly allegations concerning the years 1980 to 1982, AP reports
"This alone shows the difficulty which Amnesty International faces in gathering new Western countries had with Pretoria were so considerable that "sanctions could well lead material in support of its efforts to accuse Turkey," Mr Yalim Eralp, Foreign Ministry spokes-

man said.

In another statement, Mr
Eralp said torture was not
"systematic" in Turkey as
charged by the London-based
international human rights
group. Some 105 people accused No reason was given, but regular organisational and personnel reshuffles are a distinctive characterof torturing prisoners have been prosecuted in Turkey in the last

four years, he added.
In its report issued a week ago, Amnesty International had claimed: Torture is widespread

dent Nicolae Ceausescu. The latest move is probably in line with the President's off-stated belief that his move is probably in line with the President's aft-stated belief that his economy needs more, not less, central direction.

By contrast, Hungary now has only one ministry to supervise all branches of its industry, and in the Soviet Union Mr Mikhail Gorbase beautiful of the problem of the pro treatment in police stations, security forces' interrogation and detention centres and

prisons."

The coalition government in the self-proc'aimed Turkish-Cypriot state of north Cyprus yesterday w.n. a confidence vote 32-16 in the parliament.

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IFO warns on economy BY PETER BRUCE IN BONN

forecast at around 2.5 per cent -

would probably stretch into 1986 as

The IFO said in a report that the well, the conservative coalition Govstrength of the recovery lagged well behind earlier ones, chiefly because ernment in Bonn was concentrating on cutting its budget deficit to the of a collapse in domestic construc-tion activity. Even if the recovery detriment of domestic investment. continued to the end of next year The Government should be actively promoting investment, one unemployment figures Institute said. It also called on the hardly be affected.

GRAND METROPOLITAN HOTELS LIMITED (GRAND METROPOLITAN PLC)

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We hereby give notice that, in accordance with the terms of the above-mentioned loan, Bonds for the principal amount of Lux. Frs 80,000,000 have been drawn in the presence of a Notary Public on July 17, 1985 for redemption at par on September 1, 1985. Principal amount of Bonds purchased by the Company: nil The following Bonds have been drawn and may be presented to Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg or to other Paying Agents named on the Bonds:

CODING CERES (CAMP) CONCRET (CAMP) CONCRET (CAMP) CAMP) CAMP (CAMP) CAMP (CAMP) CAMP (CAMP) CAMP) CAMP (CAMP) CAMP (CAMP) CAMP) CAMP (CAMP) CAMP) CAMP (CAMP) CAMP (CAMP) CAMP) CAMP (CAMP) CAMP (CAMP) CAMP) CAMP (CAMP) CAMP

Bonds surrendered for redemption must have attached all unmatured coupons appertaining thereto. Coupons due September 1, 1985 should be detached and collected in the usual manner. Amount outstanding on September 1, 1985: Lux. Frs 160,000,000.

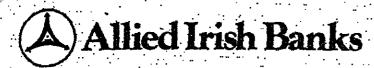
Luxembourg, July 31, 1985

٧,



Interest Rate Change

Allied Irish Banks plc announces that with effect from close of business on 30th July 1985, its Base Rate was decreased from 12% to 111% p.a.



Head Office - Britain: 64/66 Coleman Street, London EC2R 5AL Tel: 01-588 0691

and branches throughout the country.

MINISTERS TO DISCUSS SOUTH AFRICA AT HELSINKI GATHERING

EEC seeks joint line on sanctions

THE FOREIGN MINISTERS of the 10 European Community member states will meet here member states will meet here today in the margins of the conference celebrating the 10th anniversary of the Helsinki Agreement, in another attempt to co-ordinate their policies towards South Africa.

The chances of success, however, are aller given the difference of the conference of the conference

ever, are slim, given the dif-ferent directions that some of the member states, like Britain and France, have taken since the EEC foreign ministers' dis-cussions of the subject in Brussels little more than a On that occasion, the minis-

ters called on the South African Government to lift the state of emergency imposed in large parts of the country, and de-cided to stiften the EEC code of cooduct for European com-panies operating in South Africa.

Only a few days later, how-ever, France banned all new investments in South Africa and withdrew its ambassador from

Britain and West Germany, on the other hand, have made



with Mr George Shultz, the U.S. Secretary of the Helsinki Accord.

Sir Geoffrey Howe, the British Foreign Secretary, meanwhite, told Mr Stefan Olszowski, the Polish Foreign Minister, when they met yesterday that the pos-

policies run counter to human rights and many United Nations

Poland repeats call for S. Africa sanctions

State Bank of India

State Bank of India announces

that its base rate

is reduced from

12% to 11½% per annum

with effect from

July 30th, 1985

The rate of interest payable

on 7 day ordinary deposits

is reduced from

9% to 8% (gross) per annum

Main Office in the U.K.

State Bank House, 1 Milk Street, London EC2

MR JERZY URBAN, Poland's other Western countries, the ments have been repeated in controversial government folly of maintaining sanctions recent weeks by White House against Poland. Indeed, some spokeamen speaking against a his country's backing for sanctions against Poland. Indeed, some spokeamen speaking against a of Mr Urban's statements stresstions against Pretoria. asserted that in his view they could be effective.

The statement comes from a man who, over the past three years, has regularly used his considerable polemical skills to demonstrate to the U.S. and

ing that sanctions against Poland will do more to hurt the population, while "the the population, while "the government will always be able to feed itself," have come to be etched deep in the popular memory.

Ironically, many of his argu-

Yesterday. however.

The Polish situation could not be compared with South Africa, he asserted indignantly. The links which the U.S. and other Urban said that South Africa "remained a concentration camp for many of its inhabitants" and that Poland "had always supported sanctions to a change in the policies of against the country because its apartheid."

Romania reorganises engineering industry

BY DAVID BUCHAN IN LONDON THE ROMANIAN Government has reorganised its sizeable engineering industry by creating two minising industry by creating two minis-tries, going against the trend else-where in the Soviet bloc towards amalgamating industrial ministries and diminishing their role in day-to-day supervision of enterprises. The beavy equipment sector and the electrical engineering sector are to be run by ministries separate from the ministry for the machine-building industry, the official Ro-

building industry, the official Romanian newsagency reported this

Soares wants reform of constitution

SR MARIO SOARES, Portugal's Prime Minister, will support consti-tutional reforms to ensure greater political stability and introduce more flexibility into the state-dominated economy if he is elected president next January.
The Socialist leader was speak-

turned into a major pre-campaign speech for his presidential bid. Sr Soares, who is heading a care-

taker Government until an early parliamentary election in October, said he would like to see the constitution changed so that a government could not be brought down unless its opponents guaranteed a

French to cut import duty on alcohol BRUSSELS - France, under pres

istic of the Government of Presi-

chev has complained of the proliferation of industrial ministries.

sure from the EEC, has agreed to lessen protection for its alcohol producers by reforming its alcohol monopoly, the EEC said yesterday. It said a French import duty. known as the "soulte," would be re-The Socialist leader was speaking in a television interview that he
turned into a major pre-campaign change will take effect on Septem-

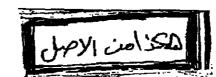
The EEC commission had charged in June 1984 that the French monopoly was protecting national production of alcohol by making imports from other EEC member states more expensive, notably through the use of the import duty.

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WORLD TRADE NEWS

Washington reacts with caution

By Nancy Dunne in Washington

Shell By

hig oil

find off

THE WHITE HOUSE reacted

autiously to the Japanese pack-However, Mr Larry Speakes, However, Mr Larry Speakes, the White House spokesman, called aspects of the market-opening "encouraging," particularly the steps announced on capital market liberalisation.

Many trade groups were huddled in meetings yesterday to expend the location of t to examine the Japanese plan, but those ready to comment eyed the Japanese initiative with scepticism.

the manufacturing sector until the exchange rate issue is

addressed, he said.
Mr Al Rothenberg, spokesman
for the Motor Vehicle Manufacturers' Association, pronounced himself in favour of the new certification procedures. But he said: "We don't expect any

great changes The Chemical Manufacturers' Association said it is "a wait and see situation to see if these changes really do take place." On Capitol Hill, the Chairman of the Senate Commerce Committee also expressed scepti-

● In Brussels, the European Commission yesterday reserved comment, claiming that details of the measures had not yet been received in Brussels.
Unofficial reaction suggested
the Community's initial response was at least more positive than that which greeted Japan's tariff reduction proannounced last month. • In the UK, the department of Trade and Industry said it was too son to make a definite

Jurek Martin and Carla Rapoport assess the implications for Western manufacturers

How Japanese market opening measures will operate

following are some of the main elements of the proposals:
Aircraft: Two proposed changes in regulations covering commercial aircraft seem to be of potential significance to European, and, especially, UK manufacturers. Existing Japanese law states that a four-engined jet aircraft must be operated by a three-man flight crew; this is to be reduced to two. Additionally, the weight limit, currently 5.7 the first modification could signification could state of the proposals:

that the number of contracts tives of foreign interests shall tries only "after re-confirmatives of the glaways allowed to join or inguity and the reconfirmative always allowed to join or authorities." It does not spell out the nature of this re-confirmation procedure.

Foreign minimum of 30 days the simplification of documentation, and the creation, under the limit to not less than 40 days, the simplification of documentation, and the creation, under the laways allowed to join or inguity of the always allowed to join or authorities." It does not spell out the nature of this re-confirmation of safety by Japanese authorities." It does not spell out the nature of this re-confirmation or revising standards." In other words, a standards." In other words, a large at the proposact changes in any of the always allowed to join or inguity of the advisory councils, their sub-rouncils, their sub-rouncils.

Foreign Ministry, of an information of documentation, and the creation, under the nature state their opinions in the pro-cess of drafting or revising standards." In other words, a latery true always allowed to join or authorities." It does not spell out the nature of this re-confirmation of safety by Japanese and their sub-rouncils, their s with scepticism.

Mr Lawrence Fox, vice-president of the National Manufacturers' Association, said the steps were "too little, too late."

The plan, he said, is "in the tradition of previous trade openings. It might have some magical value but we don't see anything significant there."

There will be little help for the manufacturing sector until with a significant there."

Indicate General Agreement on Tariffs and Trade (Gatt) procurement of the Gatt) procurement of the Marcospace's 146, a four-consider the record of the standards are set by a process of close co-operation between in dustry and government from full foreign interests have been generally excluded, even the interest process.

The caveat in this section, as the sum of the section, as the sum of the section of the said in the section of the said is appropriate. Traditional right to make whatever Japanese and non-mational right to make whatever Japanese and non-mational right to make whatever safety and other standards it deems appropriate. Traditionally in Japan, such standards are set by a process of close co-operation between industry and government from full dustry and government well as French Mercures and Dutch Fokkers among others. In

in so many others, is that only in addition, under the rubric that interest rate ceilings on all time will tell if this will make of "freedom in principle, large-denomination deposits much difference, given the inexceptions only where necessity," Japanese concerns and the close on promoting self-certification for the equally important relationships they have established even the years with their threes in the country of origin.

THE Japanese Government ing the purchases of materials bighly sectoral area, perhaps announced its new yesterday announced its new market opening measures. The most agencies. These stipulates following are some of the main elements of the proposals:

Aircraft Two proposed changes in regulations covering comp.

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Aircraft Two proposed changes in regulations covering comp.

Aircraft Two proposed changes in regulations covering comp.

Aircraft Two proposed changes in a display sectoral area, perhaps the most important single comparate the most imp

CARS: While foreign com-panies in Japan are sorting out what, if any, positive effects will result from yesterday's market-opening announcements, one sector at least had very few roses to throw at Mr Nakasone. "Will we sell more cars in Japan? I wouldn't have thought so. These (measures) will make a contribution to making our life easier . . . but they are largely cosmetic changes," says Mr David Blume, marketing manager for British Leyland in

Yesterday's announcements Short's 330 and 360 models, as well as French Mercures and Dutch Fokkers among others. In general, the Japanese short-haul feeder network is under-developed.

Government procurement: Some Western diplomats here saw encouraging signs in the proposed reforms of rules cover-limited and immensely complex, and of "freedom in principle, large-denomination deposits will be removed by the spring of swill be removed by the spring of the saies of their cars in principle, large-denomination deposits Yesterday's announcements Yesterday's announcements of the saies of their cars in principle, large-denomination deposits Yesterday's announcements of the saies of their cars in principle, large-denomination deposits Yesterday's announcements of the saies of their cars in the saies of their cars in the saies of their cars in principle, will be removed by the spring of saved the way for a simplified certification system for the equally important liberalisation of interest rate of the saies of their cars in the saies of their cars in the coesting and the close of the saies of their cars in principle, will be removed by the spring of a simplified to the saies of their cars in the coesting and the close of the saies of their cars in the creptions only where necessance of the saies of their cars in the creptions only where necessance of the saies of their cars in the creptions only where necessance of the saies of their cars in the creptions only with their termoved by the spring of the moved by the spring of a simplified the certification system for the equally important liberalisation of interest rate of the cars, which among import procedures, according to the acceptance of foreign on small denomination deposits.

However, the issue of self-certification of interest rate of the cars, which among others in the country of origin.

However, the issue of self-certification of interest rate of the cars, which among others in the country of origin.

However, the issue of self-certification of interest rate of the cars, which among othe

Foreign automakers have about 1 per cent of Japan's domestic passenger car market. Foreign car importers complain requirements for the Tokyo of a lack of good quality dealer-stock Exchange are to be ships in Japan, which in turn announced this autumn, the keeps a lid on sales CARS: While of a lack of good quality dealer-ships in Japan, which in turn keeps a lid on sales. Small sales volumes mean that foreign cars are relatively expensive and unable to compete with

Japanese cars on price alone. More importantly, however, foreign car importers have been lobbying the Government for several years about a legally sanctioned system of parallel importing of foreign cars. Under Japanese law, any in-dividual can import a foreign

car provided he or she does not import more than 10 at a time. In the case of BMW, for example, the 10-at-a-time importers account for nearly 30 per cent of the sales of their cars in

EEC fears U.S. moves to curb shoe imports

THE EUROPEAN Community yesterday expressed concern over possible U.S. moves to restrict imports of Communitymade leather shoes, saying these were not the cause of the U.S. industry's problems, Reuter reports from Brussels.

Washington, under pressure from the domestic shoe indus-try, has to decide by September whether to introduce import quotas on quality exported from Europe.

The Community's external trade commissioner M Willy De Clercq, said that Community exports were not the cause of the problems of the U.S.

The 14.9 per cent increase in Community shoe exports in 1984, compared with a rise of was largely the result of the high dollar which made foreign products more competitive than

U.S. goods, Community shoes were often priced at or above the U.S. price to account for customs duties.

The Community had told Washington it considered any export restrictions would be totally unjustified.

Turkey announces new tax rebate

THE Turkish Government has announced a new tax rebate of 2.75 per cent for exports of fresh fruit and vegetables, as part of a general overhaul of the procedures for agricultural exports, David Barchard reports from Ankara.

A desire to cut losses by

exporters of perishable products to the absolute minimum is being given as a reason for the

The new rebate is in addition to those introduced in 1982 for fruit and vegetable exporters.

Tokyo, Peking in trade talks

yesterday to discuss China's statistics. trade deficit with Japan-now its biggest trading partner—and other matters of mutual concern, Foreign Ministry officials said, AP reports.

The two sides were also to discuss the international situation during the session—the fourth in a series of high-level meetings that began in 1980. Trade between the two countries reached a record \$13bn

SIX Japanese and eight Chinese (£10bn) in 1984, with Japan Gu said, however, that the two Government ministers opened a enjoying a surplus of \$1.3bn, countries had some "minor two-day conference in Tokyo according to official Japanese statistics. The trade imbalance jumped to \$2.8bn in the first half of 1985 alone, the Japan External Trade Organisation

> Earlier in the day, State Councillor Gu Mu, head of the Chinese delegation, paid a cour-tesy call on Prime Minister Yasuhiro Nakasone: Foreign Ministry officials said Gu told Mr Nakasone he believes Sino-Japanese relations "are satis-factory in all aspects."

issues that crop up during development of their ties," the officials added. Mr Nakasone agreed with Gu's assessment and said Tokyo and Peking should be able to narrow

Japan's trade surplus with China through mutual efforts. "Relations between Japan and China are the best ever and we would like them to continue like this through to the 21st century," the officials quoted Mr Nakasone as saying.

Move to cut risks for **HK** exporters

Hong Kong's Export Credit Insurance Corporation is considering two new types of insurance policies, both simed at reducing exporters' risks
when they take on letters of
credit, AP-DJ reports
Mr K. Y. Yeung, commis-

sioner of the Governmentowned concern. said the corporation was studying pro-posals to offer insurance against risks an exporter faced before his products shipped

China special zone told to increase exports

BY ROBERT THOMSON IN PEKING

WHILE the Chinese Government continues to regard the Taiwanese-held island of Quecountry's four Special Econmo, is the only one of the four omic Zones as "experiments," zones not in Guangdong Prother of the area of the Xiamen zone, vince, further to the south, and on Southern Chinese coesting, should be built into a "compression of the Xiamen zone, the continues of the Xiamen zone, the continues of the Xiamen zone, within the south, and the procession of the Xiamen zone, which he had been a constituted by the continues of the Xiamen, within sight of the ment continues to regard the Taiwanese-held island of Quecountry's four Special Econmon, within sight of the ment continues to regard the Taiwanese-held island of Quecountry's four Special Econmon, within sight of the ment continues to regard the Taiwanese-held island of Quecountry's four Special Econmon, within sight of the ment continues to regard the Taiwanese-held island of Quecountry's four Special Econmon, within sight of the country's four Special Econmon, within sight of the country's four Special Econmon, within sight of the country's four Special Econmon, within sight of the country o WHILE the Chinese Governon Southern Chinese coastline in Fujian Province, has been extended.

A report in China's Economic Gulangyu, and is to be encouraged to "run the business of short supply at home," direct trade with Taiwan." Council recommended.

should be built into a "comprespecial economic zone"

"Xiamen should concentrate Daily said the zone will now in-clude the nearby small island of production goods that are in the

Order placed for \$175m cruise ship

BY FAY GJESTER IN OSLO AND ANDREW FISHER IN LONDON

ROYAL CARIBBEAN Cruise
Lines (RCCL), one of the major
cruise shipping operators in
the U.S. market, has placed a
\$1.75m (£125m) order for the
world's most expensive cruise
ship but has deferred a decision
on the record reseal it planned on the second vessel it planned turn."

But RCCL still intended to

The new 2,500-passenger ship will be built at the Chantiers de L'Atlantique yard in France. RCCL also has an option

The new RCCL vessel will such as milk deliveries, in-France. RCCL also has an option to build a second such vessel

The French yard gained the order mainly through more favourable financing terms, edging out Wartsila of Finland and Kockums of Sweden.

1.3

nage. NCL, part of Klosters Rederi RCCL is owned by GotaasLarsen, based in Bermuda, and two Norwegian companies, Anders Wilhelmsen and L M. Apart from RCCL and NCL, two Norwegian companies, Anders Wilhelmsen and L. M. several other cruise companies are planning major investment in new tonnage. Carnival Cruise Lines has had one ship in a Skaugen. The cruise operator first said in February it planned to order two big new vessels to

boost its capacity.

Gotaas-Larsen said when reporting sharply lower second-quarter results this year that cruise vessels—comprising its one-third stake in RCCL and its own two ships—had felt the

UK-Indian electric vehicle deal approved

By John Griffiths

THE INDIAN Government has approved an Anglo-Indian joint project to produce up to 12,000 electric vehicles a year in a new factory on a 100-acre site near Bombay.

take 300 more passengers than the Norway — formerly the France — which is owned by Norwegian Caribbean Lines (NCL), a company also planning to order new cruise toninvolved are Electricars, of Atherstone, Warwicks., which claims about a 60 per cent share of the total UK electric vehicle market; Cableform, of Stock-port, Cheshire, which makes electric vehicle control gear, and Electric Construction, a Hawker Siddeley subsidiary.

Their Indian partner is Chaelec Vehicles India, in which Electricars and Cableform have minority stakes. The State of Maharashtra has also taken an 11 per cent holding.

The largest holding—of 21.6 per cent—lies with the pro-ject's founder, Mr Indra Chatterji and his wife. Mr Chatterji forecasts that when the project is fully on stream, it will employ 2,250 when sub-contractors are included.

The UK companies are to provide production line, electric motor and battery technology for the plant, which is scheduled for completion in July next year. Meanwhile, kits of three roadgoing vehicles, two tractors and a platform truck are being supplied to Chatelec by the UK

companies.

These are to be assembled at an initial rate of 10 a month at an initial rate of 10 a month starting in November.

The project was first presented to the Indian Government in 1981, but has only recently received final aproval

Grenada holds bank talks on airport debt

Cuban shippers.

Cuban officials have recently producers. Some duties added, in real terms, as much as 50 per cent to retail prices for imported production.

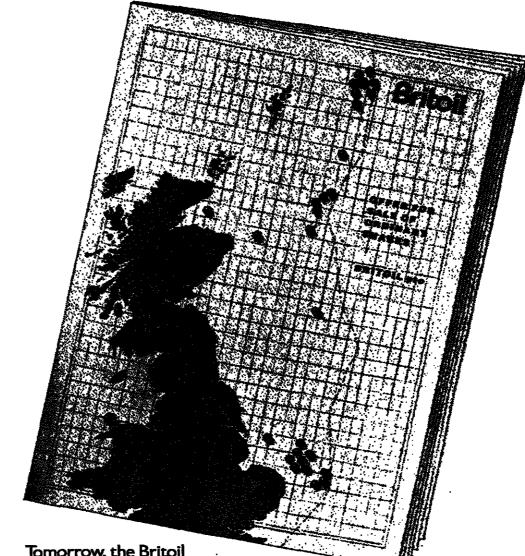
France has since agreed to dismantle the system for all alcohol, except for that derived from sugar beet for which quantities and price will be restricted from September 1.

The Commission will now decide whether the French move means that countervalling charges applied to its alcohol exports can be lifted.

EIR aid for Algeria A DEMAND from Plessey Air-ports of Britain to the Grenada

Grenada to repay at a rate of £940,000 per year in semiannual

Intomorrow's Financial Times.



Tomorrow, the Britoil

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Issued by Lazard Brothers & Co., Limited on behalf of H.M. Government.

France acts to dismantle alcohol duties

distillers' production at prices higher than those paid in the

higher than those paid in the open market.

A "reasoned opinion" of the Commission found that this amounted to a national market organisation contrary to the Common Market and discriminatory against other Community producers. Some duties added, in real terms, as much as 50 per cent to retail prices for imported production.

EIB aid for Algeria

The European Investment Bank will provide Ecu 75m (£41m) to help the Algerian Government expand the port of Bejala and upgrade 133m km of road between Jijel and Constantine. our trade staff reports. New quays and expanded cargo handling facilities are part of

Midland Bank credit line for Cuba trade

year. British exports to Cuba for

By Frank Gray

FRANCE HAS taken steps to dismantle a system of duties that penalised sales of alcohol from other EEC member-states, following complaints from the European Commission.

A report published by the Commission last June found that the "soulte" duty distorted competition on the French alcohol market.

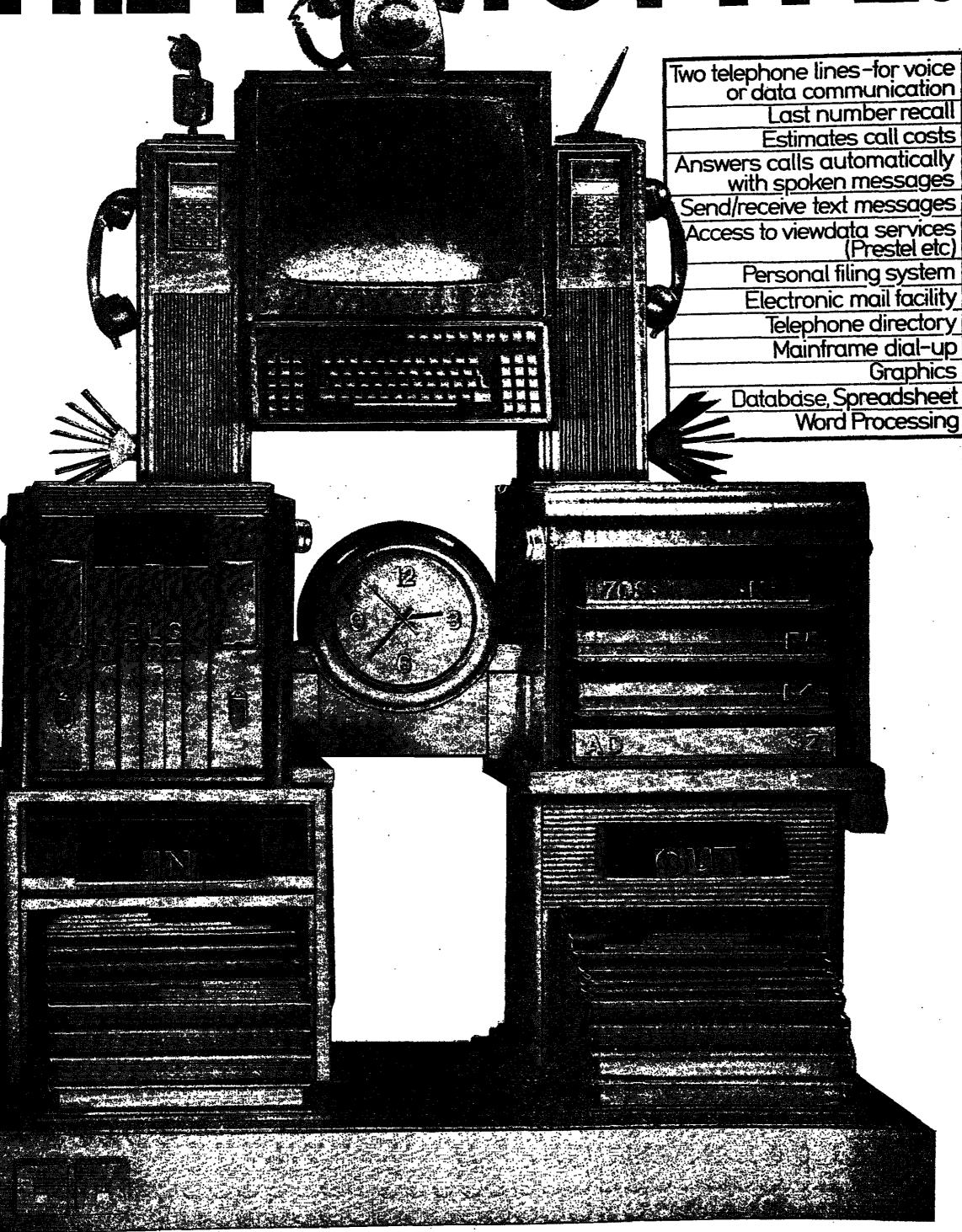
Though technically this was charged on all alcohol, revenue raised from domestic production was paid to the state monopoly and then used to buy in French distillers' production at prices

Among British clearing banks, Midland Bank has been prominent in supporting bi-lateral trade efforts and has been instrumental in arranging trade contacts in the UK for Cuban shippers.

the first five months of this year were worth £29.8m, mainly of medium-range technology, while imports from Cuba for the period were worth £3.5m, comprising mainly sugar, honey and tobacco products.

UK exports last year were worth £64m, with imports of the prospect of resolution of the problem looks rather good."

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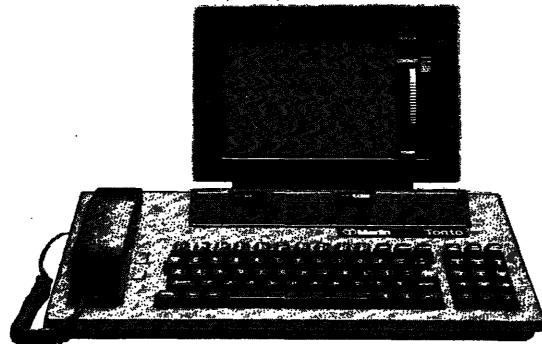
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Pyongyang suggests both Koreas should host Olympic Games

it and South Korea co-host the 1988 Olympic Games which are scheduled to take place in Seoul, and that they form a single, unified team to take part ing the games would encourage dialogue between the two

The unexpected proposal adds another complicating factor to the slowly developing dialogue between the two Koreas. Although Seoul has expressed interest in forming a unified Korean team, Mr Roh Tae-Woo, chairman of the Seoul Olympic Organising Committee, has pre-viously dismissed the possibility of holding some events in North Korea as impractical.

Successful staging of the 1988 Olympics has become a fore-most national priority for South Korea and the North's proposal is likely to receive a cool response. Officials in Seoul have frequently expressed concern that North Korea will try to dispute the Same rupt the games. The North Korean Central

NORTH KOREA has publicly ther aggravate the confrontaroposed for the first time that tion and antagonism between and South Korea co-host the the North and South and

Koreas and encourage nations to attend that would otherwise boycott the games.
Seoul has previously expressed

confidence that North Korea
would fail in its efforts to
convince its Communist allies
to boycott the games.
Talks to form a unified sports team for the Los Angeles Olympics broke off in angry political dispute in the spring of

Seoul raised the proposal to form a unified team again in October last year, but North Korea has so far not responded directly to the proposal to begin

talks again.

Last week the International Olympic Committee announced that Olympic committees from North and South Korea had News Agency quoted Mr Chung accepted invitations to meet in Jung-Gi, vice-premier of North Lausanne, Switzerland, before Korea's administrative council, the end of the year, although as saying that holding the games only in Seoul would "furwill cover.

Chinese consumers go on a spending spree

BY ROBERT THOMSON IN PEKING DRAMATIC evidence of the almost doubled, and television overheating of the Chinese output was up 84.5 per cent on economy was released yesterday in the financial statement Concern by the public at for the first half of the year.

Petricerator output, for Refrigerator output, for example, more than tripled and overall industrial production rose 23 per cent from a year

Energy generation and transport services, however, which have already been identified as the weak links in modernisation, have failed to keep up. months, showing that con-sumers have more cash at the

Production of cassette industries and that greater the Sri Lanka army commander recorders more than doubled, emphasis would be placed on denied yesterday that the men electric fan manufacturing energy conservation.

reflected in protests. Despite the conventional wisdom that prices have risen sharply this year, a spokesman for the state statistical bureau, Ma An, said that inflation is running at an annual rate of 7 per cent. Total energy output increased 11.3 per cent from the first half duction rose 23.1 per cent. Output of popular consumer Railways, the transport staple, goods leapt in the first six increased the weight of freight shipped by 4.9 per cent on the first half last year, a figure well ready than at any time since the communist revolution in 1949. Retail sales rose 35 per ationalisation of some energy and transport inefficient rural

Sikhs clash in Golden Temple on Punjab deal By K. K. Sharma in New Delhi

RIVAL GROUPS of Sikhs clashed yesterday in the Golden Temple complex in Amritsar over last week's settlement on

Punjab. At least 50 shots were fired as police intervened to separate them.

The trouble happened when Mr Harchand Singh Longowal, the President of the Akali Dal who comed the settlement with who signed the settlement with Prime Minister Rajiv Gandhi, arrived at the temple to confer with district leaders of his

party.

At least 250 Sikh youths belonging to the hard-line faction of the Akali Dal and the All India Sikh Students Federation were waiting nearby shouting slogans and waving black flags. They raced towards Mr Longowal and clashed with his followers. Shots were then fired and security forces hurriedly arrived to prevent a

riot.
Security has been tightened all over Punjab but the authori-ties fear terrorist acts by the extremists in their bid to disextremists in their bid to discredit Mr Longowal and the agreement, which has received a mixed response from Sikhs. The extremists have rejected the settlement as a "sell-out" and have accused Mr Longowal of betraying the interests of the Sikhs. Many of Mr Longowal's followers have also differed with him although there is no indication of an open split in the Akali Dal yet.

the Akali Dal yet.

If the violence continues state elections, which must be held before October 8, could be postponed and President's rule (direct government from New Delhi) extended by amending the constitution.

Pakistan to train Sinhalese in security

A total of 450 Sinhalese youths are to be trained in Islamabad by Pakistan counter-insurgency experts in ways of providing protection for Sinhalese settlements in the north, Mervyn de Silva writes in Colombo. The Government plans to settle about 200,000 Sinhalese in the border areas between the Tamil northern peninsula and the Sinhalese-populated northcentral province.

Major General Seneviratne

the Sri Lanka army commander

Ugandan guerrillas snub Okello

FEARS of continued fighting in Uganda rose yesterday when the National Resistance Army (NRA), the country's guerrilla movement, announced its refusal to co-operate with the new government of Lt Gen Tito Okello. Mr Salem Saleh, an NRA

Mr Salem Saleh, an NRA brigade commander, was reported to have rejected a sest on the nine-man Military Council formed yesterday, Mr Saleh is a brother of Mr Yoweri Museveni, the NRA leader.

"It's a question of getting hold of a name and putting it on the list. Neither he nor the NRA were consulted. He will not accept," said an NRA spokesman in Nairobi.
The council's vice-chairman

The council's vice-chairman Mr Wilson Toko, a colonel

tees to the council, headed by Gen Okello. include siv Gen Okello, include six colonels, according to the Uganda Ministry of Information. Mr Justin Okol, a lawyer who has been named secretary,

is the only civilian. The NRA's dismissal of a place in the interim government place in the interim government followed a statement expressing dissatisfaction with the installation of Lt Gen Okello as Uganda's leader. The statement said that the underground movement had not been consulted on plans for elections, scheduled a year from now, or the appointment of a Prime

The guerrillas could pose a

ging, four-year campaign against Dr Obote's deposed government that has effectively tied down units of the Uganda Army. There is every reason to believe that it is capable of continuing

Mr Museveni has acknowledged he had no role in the coup. He has been quoted as saying that if the army set up a military government, the NRA would carry on fighting.

The army and the guerrillas have inflicted brutal atrocities on each other. As army com-mander, Lt-Gen Okello was responsible for the punitive raids against the guerrillas. Mr Paul Ssemogerere, leader

who is general manager of strong political threat to Lt Gen of the Democratic Party that Uganda Airways, Other appoint Okello. Its forces waged a nage opposed Dr Obote's Uganda Peoples' Congress in the 1980 elections, sent a letter of sup-port to Lt-Gen Okello. The appointment of a Prime Minister is expected to be announced before the end of the week.

> Of Dr Obote's 34-member Cabinet, 22 are said to have responded to a call to report to the army. Their passports have been confiscated but they are not under arrest. Mr Chris Rwakasisi, a former Minister of State, who was in charge of the secret police, has been imprisoned At least 150 of the 250 North Korean military advisers in the country are

Saudis to take part in Arab summit

By Richard Johns PROSPECTS for a meaningful Arab summit meeting next week, despite the certain absence and opposition of Syria, improved with the confirmation yesterday that Saudi

Arabia will take part.
Mr Ali Shaer, Saudi Minister Mr Ali Shaer, Saudi Minister of Information, said that King Fahd would attend the meeting, called by King Hassan of Morocco in Casablanca on August 7 "as it aims at unifying Arab ranks, which is a major goal of Saudi Arabia."

Saudi Arabia's initial silence following King Hassan's unexpected proposal was widely seen as reflecting its concern not to antagonise Syria.

not to antagonise Syria.

Syria is adamantly opposed to the long postponed summit which is to discuss the joint Jordanian-Palestinian initiative. This is aimed at starting talks, initially with the U.S. with the initially with the U.S., with the ultimate objective of establishing a Palestinian state. By definition, this involves some form of recognition of Israel.

Its prime task will be to decide whether the February 11 accord between King Hussein of Israel.

accord between King Hussein of Jordan and Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, conforms with the resolution of the last summit held in Fez, Morocco, in September 1982.

Both King Hussein and Mr Arafat are appears to gain the Arafat are anxous to gain the blessing of at least the majority of the countries of the Arab world for the accord.

They will regard the holding of the summit as a success i itself but Western diplomatic the two leaders will receive anything more than a luke warm acquiescence.

Israeli shot on West Bank

Jim Jones on the effects of repatriating foreign black workers

Pretoria's threat rings hollow

THIS WEEK'S threat by President P. W. Botha that hundreds of thousands of immi-grant black workers could face deportation if economic sanctions are applied against South Africa is largely seen as empty

by the country's employer organisations.

They argue that the symbiosis of South Africa and its neighbours is such that mass depor-tations would hurt South Africa as badly as it would the countries which send their men to work in her mines and farms

and factories.

The main problem with President Botha's threat is that no one knows for certain just no one knows for certain just how many foreign blacks are working in South Africa. Official figures from the Department of Manpower indicate that something less than 300,000 foreign blacks are employed legally in the country, of which about three quarters work in the important mining industry.

This is only part of the story, however. The total is probably nearer to 1m, indicating that

however. The total is probably nearer to 1m, indicating that for every immigrant worker who enters the country legally, two or three slip across the border to find work Locating them all would be beyond the capabilities of the South African authorities, particularly as most would simply slip back in the push the country's porous in through the country's porous

Nevertheless, even a token gesture at deportations by the South African authorities could

SOUTH AFRICAN police said Wednesday and Monday were yesterday they have released 13 activists from detention from five of the 36 riot-torn cities and towns covered by out of 1,259 people held under the emergency. sweeping state-of-emergency powers imposed 10 days ago, AP reports from Johannes-

Those released between last

cause severe short-term problems for some neighbours. The mining industry, which has an extensive recruiting net-work throughout the sub-continent and which depends almost exclusively on migrant workers to fill its manning requirements, employed 210,000 foreign black migrants in May this year. Of these, 51.6 per cent were from Lesotho and were componentated lesotho in the gold concentrated largely in the gold mines of the Orange Free State, 24.2 per cent were from the newly-found ally Mozambique, 9 per cent came from Botswana, a marginally-lower percentage came from Malawi and 6.3 per cent were from Swaziland. Last year, immigrant mine-workers sent R418m (£156.8m) back to their homes. Lesotho, Mozambique and Malawi, which

tively. two-fifths of the mining industry's workforce. Replacing them with locals would be

insist that three-fifths of their

nationals' wages be remitted directly, received at least

R105m, R69m and R24m respec-

continued scattered riot inidents overnight but no new impossible, as pay and conditions are not attractive to locals,

The police also reported

and the immigrant workers have a degree of skills not easily replaced The Chamber of Mines will not comment officially on the threat that foreigners might be repatriated, but organised agri-culture is less inhibited. An official of the South African Agricultural Union makes no bones about the fact that a blanket ban on immigrants would denude farms of workers in the Orange Free State near

He points out that in recent

years, South African black agri-cultural workers have migrated towards the cities and industrial jobs, and that in the Orange Free State their places have been taken by semi-permanent employees from Lesotho.

More tellingly, perhaps, he claims that in the Eastern Transvaal, agricultural employment of men from Morambians. ment of men from Mozambique is largely instrumental in preventing cross-border guerrilla attacks because the foreigners

the web of apartheid laws, points out that immigrant workers have few rights and that they could be deported without redress. Nevertheless, the Black Sash believes that the logistics of deporting even a fraction of the illegal black immigrant population would be beyond the capabilities of the authorities.

The farmers on the Mozam

bique border don't want to end up in the same position as those in northern Namibia," he says.

The Black Sash, a voluntary organisation concerned with the

problems of blacks enmeshed in

abilities of the authorities.

Official spokesman are vigorously back-pedalling on President Botha's threat. They decline to be identified, but say that the President was only referring to illegals—which adds to the contention that the deportation threat is hollow—and noint out that large-gale and point out that large-scale deportations would imply a major shift in the country's

foreign policy.
South Africa is increasingly criticised, but it has rigorously adhered to its strategy of per-suading neighbouring and more distant black nations of the advantages of close links. It seems unlikely that the mandarins in Pretoria would allow intemperate moves on deporting immigrants to undermine relationships which have been established so laboriously with independent black African are happy to have a job and

AN ISRAELI was shot dead in Nablus on the Israeli-occupied West Bank, yesterday in an incident which is bound to in-tensify the pressure on the Government to apply the death penalty to convicted Arab terrorists, David Lennon writes from Jerusalem.

The dead man comes from the Israeli town of Afula, where three days ago there were angry demonstrations at the funeral of another resident who had been killed by a group of three West Bank Palestinians.

AMERICAN NEWS

U.S. shuttle mishap may send customers to Europe's Ariane

AMERICA'S \$15bn (£10.56bn) America's \$1500 (210.0001)
space shuttle programme faces
further problems following
Monday's drama in which
Challenger, one of the three
vehicles in the shuttle fleet,
lost power from an engine five minutes after leaving the launch

pad at Cape Canaveral.

If the incident had happened only 33 seconds earlier, before the shuttle had gained enough altitude to enter space, it would have been forced to make an emergency landing at a U.S. Air Force site in Spain.

Controllers at the National Aeronautics and Space Admini-stration (Nasa), the operator of the shuttle fleet, permitted Challenger to continue its week-long mission only after half an hour of anxious discussions and checks on the network of five on-board computers that control the vehicle.
An inquiry into the incident

will start after Challenger's scheduled landing next Monday. Engineers will be able to examine the faulty engine, which was turned off by a computer after a temperature sensor indicated malfunction. The most pressing problem

is that, due to the power failure. the spacecraft is in an orbit of about 300km above the Earth, some 70km lower than intended. This may affect scientific measurements of, for example, ultraviolet radiation from

space. Customers of the shuttle fleet, a prime contender in the \$500m-



on conventional rockets in that, as well as being manned, they return to Earth after each mission, so offering the prospect of reduced costs.

Customers of the shuttle fleet, a prime contender in the \$500m-a-year business of taking satelites into orbit, will be dismayed by this latest mishap.

The malfunction may help to persuade more organisations to place their satellite contracts with Arianespace, a Paris-based company selling launches on the Ariane rocket developed by West European governments.

The shuttle fleet and Ariane roughly share the market for the third.

Although the shuttles are sequence and to reduce weight. Challenger dumped overboard some of its liquid fuel (used to space is acknowledged to be more commercially adept than the state-run Nasa.

Shuttle flights have also turned out to be far more expensive than envisaged initivation of the commercial into orbit commercial communications satellites, of which about 20 are launched each year.

In the past two years, the shuttles have experienced a number of problems in ejecting satellites from their cargo bays into the correct orbit. On the

to cast uncertainty over the design of the three main engines that each shuttle carries. The engines, built by the Rocket-dyne division of Rockwell, the U.S. aerospace contractor, are the most powerful space motors yet built

They are intended to burn for the first eight minutes of each shuttle flight, so propelling the vehicle safely into an orbit well above the atmosphere. During Monday's drama, all went well until just after three minutes into the flight. At this point a sensor on one of the engine's turbines indicated a temperature well above the 950 degree C limit for that part of the engine.

The turbines push hydrogen

and oxygen through pipework to reach the high pressure needed for burning inside each engine's combustion chamber. The tur-bines contain moving parts made of high-temperature alloy which revolve at 30,000 revs/min. Two minutes after the sensor reading, Challenger's network of five computers switched of the engine to prevent a possible explosion. At this point, the vehicle was above Africa at a height of about 100 km — still within the Earth's atmosphere.
The vehicle's automatic
equipment ordered the shuttle's other two engines to burn for one and a half minutes longer than usual in an effort to com-

pensate for the switching off of the third.

number of problems in ejecting satellites from their cargo bays into the correct orbit. On the last such occasion, in April, a shuttle flight left an \$80m U.S. Navy satellite drifting uselessly in space after a mechanical switch failed to turn on following the vehicle's removal from the bay.

Such incidents have damaged confidence in the shuttles. They offer a theoretical improvement

The U.S. Taxpayer.

Other shuttle flights, which do not involve such expensive do not involve such

trade deficit climbs to \$13.4bn

By Stewart Fleming in Washington

STURKED ON by a surge in minotes 140m Japan mon s www. Merchanquse grade deficit jumped to \$15.5mm (123.204) in June, the mignest level since the \$15.500 hencit recorded in July 1231

ane disclosure brought another urgent plea from Commerce Department Secretary Mr Malcolm Saidings who said that a further suo-stantial drop in the value of the dollar was required to aid the siling U.S. manufacturing

He pointed out that although exports overall rose a slight 0.1 per cent, manua sight d.1 per cent, maintacturing exports declined and as a result the manufacturing sector trade deficit alone was running at a \$108ba annual rate in the second

quarter. News of the latest deteriora-News of the latest deteriora-tion in the trade balance came as President Reagan torpedoed efforts by Senate Republicans to achieve a major reduction in the Federal budget deficit over the next three years, deepening the rift in the Republican Party

rift in the Republican Party over economic policy.

With many Republicans on Capitol Bill elaiming that it is vital to tackle the budget deficit in order to reduce the value of the dellar and improve the external accounts of the U.S., the President rejected the key components of the Senate budget package—an oil import fee and a change in the inflation-proofing of social security pensions. in the imanon-prooning or social security pensions. In the wake of Mr. Reagan's announcement, Senate Majority Leader Robert Dole, who has now been twice rebuffed by the White House, said that the President would find it harder in fruture to count on the

in future to count on the support of some Senate Republicans
The deterioration in the trade figures, and the President's refusal to support major budget deficit surgery. cast another shadow over the Administration's optimistic predictions that the U.S. economy will house back to a real annual rate of growth of 5 per cent in the second half of this year.

U.S. June Right-wing to press Shultz to quit

Shultz, the U.S. Secretary of State, is expected to erupt into angry demands for his resignation at a conference organised by leading conservative groups in Washington tomorrow.

The conference has been called to conduct an "urgent review" of U.S. foreign policy. which right-wingers believe to have been deliberately side-tracked by the State Department from the pure anti-Communist octrines esponsed by President Ronald Reagan.

The conference has been called to conduct an "urgent review" of U.S. foreign policy issues.

Among the right-wing luminative address tomorrow's conference address tomorrow's conference loyally carrying out Mr. Reagan's are Conservative Senators Jesse says the president has complete Symms or Idaho and Malcolm the confidence in him.

The conservative assanlt, how present are expected to be a ever, has gained fresh momentiant doctrines esponsed by the State Department from the pure anti-Communist line on a series of foreign policy issues.

Among the right-wing luminatives who are expected to be address tomorrow's conference loyally carrying out Mr. Reagan's are Conservative Senators Jesse says the president has complete Symms or Idaho and Malcolm policy. The conservative assanlt, how present are expected to be a ever, has gained fresh momentiant of the "Reagan doctrine" of backlance address tomorrow's conference lates who are expected to make the "Reagan doctrine" of backlance and for senators Jesse says the president has complete Symms or Idaho and Malcolm for being soft on the Soviet month's Beirut hostage-taking, for being soft on the Soviet month's resignation.

The conservative same timists that he is address tomorrow's conference lates who are expected to be a faiture to retaliate for last month's Beirut hostage-taking, for being soft on the Soviet month's Beirut hostage-taking, for being soft on the Soviet month's resignation.

The conservative assanlt, how present are expected to be a faiture to retaliate for last month's Beirut hostage-taking, for being soft on the Soviet month's re

LONG-SIMMERING right-wing. Mr Shultz, who has long been anti-Communist line on a series agenda," instead of the Presidence at target of right-wing attack, of foreign policy issues.

Shultz, the U.S. Secretary of shows no sign of yielding to the shows no sign of yielding to the

Volcker backs World Bank role

BY STEWART FLEMING IN WASHINGTON

MR PAUL VOLCKER, chairman of the U.S. Federal Reserve Board, yesterday issued a strong plea for continued support for the World Bank and the International Monetary Fund. They have "important ongoing roles to play in safeguarding international stability and in promoting sound growth in the world economy," he said. "The role of the World Bank and the regional development common in substitutions is likely to become much more critical" as developing countries "seek to sustain growth within the constraints of servicing existing debt and the less ready availability of private credit," Mr Volcker told the House banking countries to look for "really major in the two institutions of the two institutions creases in long term official roles comes against a back-ground of intense debate within the u.S. Government over the future scale of American continued support to the middle income develop doubt that industrial countries are prepared to ease substantially debt burdens by taking over tranche of finance for the International Development Association, the World Bank's "soft. He argued, however, that loan "agency. Such approaches do not "seem Volcker said that borrowing tained."

Commenting on the outlook to me essential if well-conceived for the developed world, Mr adjustment efforts are maintended by ond the immediate meet for budgetary and monetary adjustments. But he warned that it "does private inflows of capital."

GM chooses 'Saturn' site GENERAL MOTORS, the

world's largest car maker, has confirmed that it has tentatively chosen Spring Hill, Tennessee, as the site for its advanced \$4.5bn (£3.1bn) Saturn small-car manufacturing and assembly plant. The decision appears to end a fierce lobbying battle among state and local govern-ments to attract the prestigious project, writes Paul Taylor from New York.

The choice of Spring Hill as the site for the plant for GM's new car—designed to compete head on with Japanese imports—had been widely rumoured.

GM said the plant will as the plant will as the plant will as the plant will as the plant will be th generate an annual payroll of about \$200m.

Few takers for Castro hard line on debt

BY HUGH O'SHAUGHNESSY

THE Cartagana group, the the lasdership of Latin American governments which met last year in the which touches the lives of clombian resort of that name and were suspected of organising a "debtors' club," have suddenly this week become the moderates in the Latin American got the moderates in the Latin American government and trade unlinists from the region the meeting of the stand of contrasts with President Fidel (258,9bn) of foreign debt.

The meeting follows gathering which will continue ings of women's movements and trade unlinists from the region which have supported the Cubar president's thesis that the debt is "unpayable,"

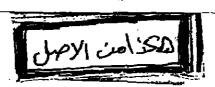
The Costro has called his conferee "cowards" for not back in search in the servicing of its export for not back in seal of Latin American and the servicing of its debt, representatives of all the main debtor nations are planting his stand.

They accuse him of declaim another. They point to the fact that the National Bank of Cuba has tried to keep the best of relationships with its Western contrasts with President Fidel of the idea of repudicating the foreign debt, Castro has not some stand and trade unlinists from the region with the week.

No serving Latin American governments and trade unlinists from the region which have supported the Cubar president Walter Guevara Aree of President Alan Garcia and the continual president's thesis that the debt is "unpayable,"

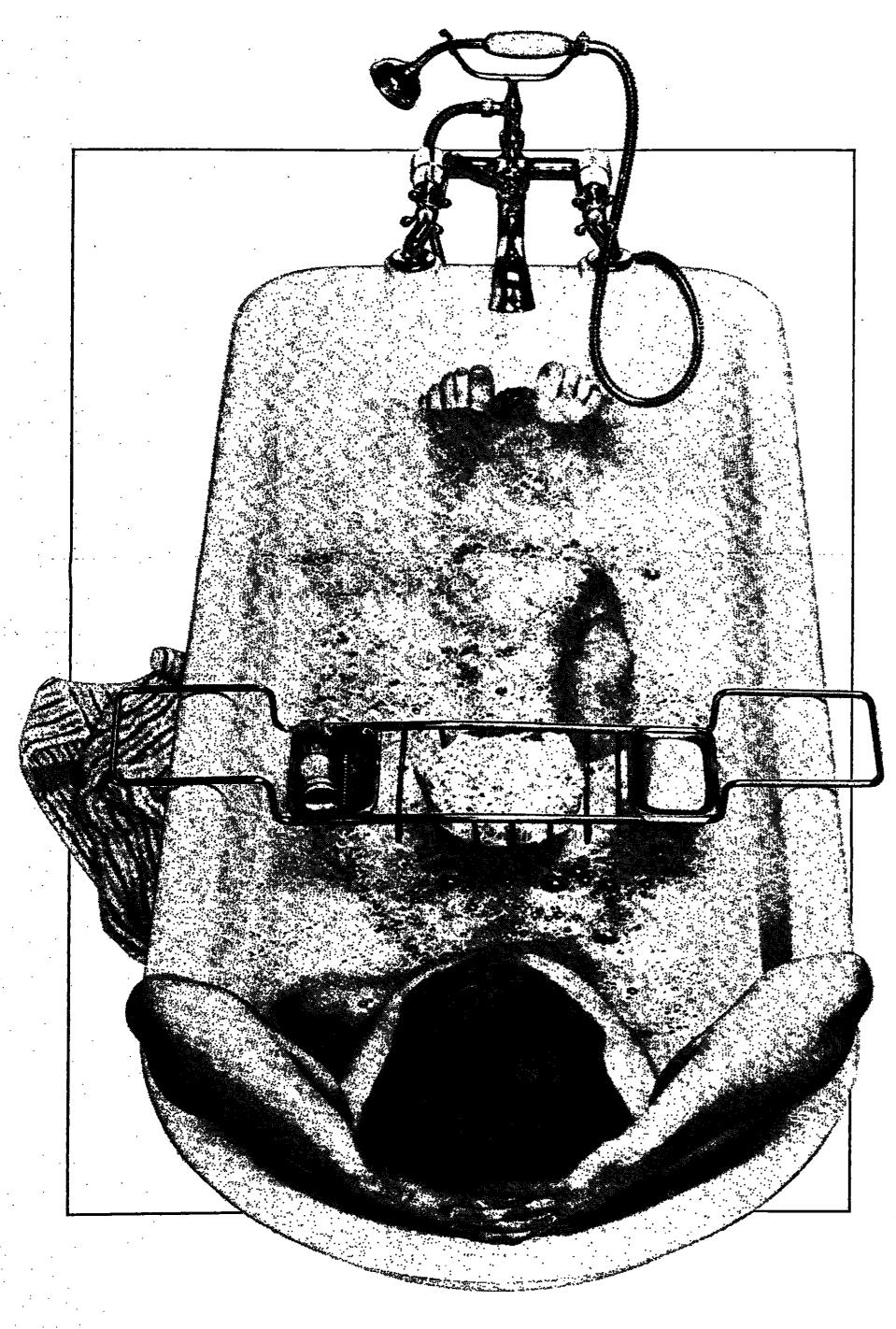
The Castro has called his conferee "cowards" for not beach. The measure of the stricting stant of the flat hamerican as a stried to keep the best of relationships with its Western content the National Bank of Cuba has tried to keep the best of relationships with its Western contents are that the American president as accepted in a stractions of the indea of relationships with its Western content the foreign minister of Urugulay in a striction which have supported the Cubar invitation. Some former what goes on in Havana bankers will be concentrating their new strategies.

While keeping a wary eye on what goes on in Havana ban



1.1

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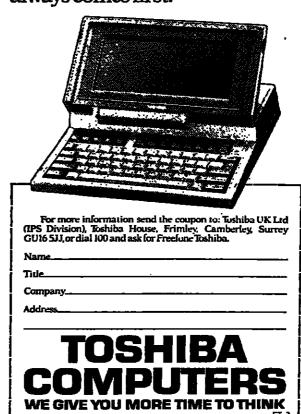
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Far East

sought

Michael Donne writes.

by BCal

BRITISH CALEDONIAN Airways

(BCal), the independent wrime, is

planning to build up a network of routes into and out of Hong Kong,

It will use an existing subsidiary

company, Caledonian Far East Airways, which it acquired two years

ago, and has applied to the Hong

Kong Air Transport Licensing Au-

thority for a series of route licences

ing in Sarawak and Bandar Sen

☐ THE Government has announced a shuffle of senior civil servants that will put two close advisers of

Mrs Margaret Thatcher, the Prime

Minister, in charge of control of

vate secretary, is being promoted

expansion

Debenhams in link with Fraser group to block Burton bid

BY MARTIN DICKSON

hams, Britain's two biggest depart- its chances of success. ment stores groups, yesterday unveiled a joint initiative to block Burton Group's £550m bid for Debencent stake in Debenhams, said that

they intend to put together their credit finance businesses and merchandising and distribution oper-

The deal was announced just deal as a "desperate, last minute three days before Burton's bid manoeuvre" by Debenhams to decloses and was regarded in the City prive shareholders of its offer.

HOUSE OF FRASER and Deben- of London as substantially reducing

House of Fraser, which by yesterhams and instead form their own it would not accept Burton's offer. It intended to go on buying Debenhams shares - there was specula-tion last night that it had reached
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20 per cent - although its was not "present intention" to make an offer

for the group.

Burton last night attacked the

Staying in Hamburg...

you will find complimentary copies of the FINANCIAL TIMES as a guest of one of the following Hotels:

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at 185p to draw small investors

BY DOMENIC LAWSON

THE GOVERNMENT will receive about £434m from the sale of its remaining 49 per cent stake in Britoil, the world's largest independent oil

price of 185p a share, had been applied for by British, European and Canadian financial institutions. The prospectus will be published

discount to the prevailing price yes-terday morning of 205p a share, will raise £449m, but fees and advertis-ing associated with the issue are likely to cost the Government about Almost 20 per cent of the offer will go overseas, following the ex-

The issue, priced at a 9.8 per cent

ample of the British Telecom flotation last year. About 10 per cent of the shares are headed for Canada, while the other 10 per cent will be offered to Swiss, German, Austrian and Dutch investors by a syndicate of banks led by the Swiss Bank

Mr Andrew Large, a director of Swiss Bank Corporation, said yes-terday that European investors could have accommodated double

the amount made available by the British Government. "London is the centre of the Eurobond market: there is no better place to start a Euro-equity market," he said.

The inital 51 per cent of Britoil was sold at 215p a share in November 1982, but flopped, with 70 per cent of the offer left with underwriters. In order to avoid a similar embarrassment, Lazard Brothers, the Government's advisers, have placed half the UK offering firmly with institutions, which have also offered to subscribe for any shares not subsequently applied for by the public, existing shareholders, or Britoil's

The near 10 per cent discount to the prevailing market price is more generous than any of the previous Government secondary share offer-ings. However, the 185p price puts the shares offered on a prospective yield of exactly 10 per cent, a figure designed to pull in the small inves tors and retain the support of UK fi-nancial institutions which suffered big paper losses on the initial offering.

Lex, Page 16

Britoil offer set | NatWest's first-half profit rise fails to meet expectations

BY DAVID LASCELLES, BANKING CORRESPONDENT

NATIONAL Westminster Bank, the last December 31, the bank's profits its related banking services divi first results in the banks' interim reporting season were well below expectations and triggered a sharp fall in bank share prices on the stock market yesterday.

Lord Boardman, NatWest's chairman, said the results marked "a The biggest improvement came very good operating performance in NatWest's international operahighly competitive trading condi-tions." But he said sterling's greater cent, mainly because of its highly strength since the start of the year successful \$13bn U.S. venture, Nathan had "a considerable adverse ef-West USA, which registered a 56 fect on our figures."

Mr Philip Wilkinson, the group chief executive, estimated that if

UK's second-largest bank, boosted would have been £31m higher. But sion, which includes Lombard its pre-tax profits by 20 per cent to the pound's recovery against other £354m in the first half of this year - currencies had reduced the value of helped by an improvement in its in- the group's assets and earnings

> Mr Wilkinson commented that prospects on the home and foreign markets for the rest of the year were favourable given the likeli-hood of further falls in UK interest

per cent increase in net income for the half year.

NatWest's UK banking business sterling had remained at its level of raised profits by 8.7 per cent, and

North Central, the large finance house, by 10 per cent.

Sterling's strength against the dollar reduced the size of NatWest's dollar assets, however, and left the bank with a slightly smaller baiance sheet on June 30: it totalled £70.5bn, down from £71.5bn at the end of 1984. Had currencies remained unchanged, NetWest's assets would have grown by four per

The surprise of NatWest's results which some analysts had said would rise by 40 per cent or more knocked more than 40p off its share price, though it recovered towards the close to end with a loss of 25p

and for an air operator's certificate.
The routes it seeks are those linking Hong Kong with Peking, Canton, Hangzhou, Tianjin and Guilm in China, Chiang Mai in Thailand, Bali in Indonesia, Cebu in the Philippines, Rangoon in Burma, Kuch-

Competition hit by 'abuse of veto'

EUROPE'S ABILITY to compete affected the market for internal serfailure to take the hundreds of deci- the EEC says the decision-making

abuse of the national veto and says when a vital national interest is at a lack of progress has particularly stake. But in those circumstances

with the U.S. and Japan has been vices inside the Community for seriously damaged by institutional which Britain has been pressing. Weaknesses in the EEC leading to a

sions necessary to open up its inter- process cannot be unblocked withnal markets, a report from a House out more majority voting, although of Lords committee argues today. it accepts that each country should The committee highlights the have the right to veto a decision

should explain why such an interest state.

Public spending at the Treasury. Mr Robin Butler, Mrs Thatcher's priis at stake.

The committee argues that the EEC could work quite adequately, if back to the Treasury as second allowed to do so, without a compermanent secretary in charge of allowed to do so, without a completely new treaty, and that "the time is not ripe" for the type of new treaty proposed by the European Parliament in seeking to establish a

Wine testing procedures to be tightened

Financial Times Reporter

THE GOVERNMENT fears that a lack of standardised testing procedures may allow polluted wines entering the country to be declared pure. It is now trying to co-ordinate test activities in laboratories around the UK.

Efforts to trace imported Austrian wines contaminated with diethylene glycol have already been ex-panded to include wines from West Germany, Yugoslavia, Bulgaria and

Hungary.
Dr David McWeeny, head of the food science laboratory of the agri-culture ministry, said yesterday. There is no accepted technology for analysing this particular con-taminant and now a large number of laboratories are being asked to produce data quickly."

Dr McWeeny's own unit has so far found that 14 bottles out of 107 tested contain the chemical in small quantities. He said he was testing at the rate of about eight bottles an hour for up to 14 hours a day. The Government has not yet asked retailers to stop selling any wines other than those from Austria.

spending. His present deputy will be promoted to under-secretary in charge of spending. Men and Matters Page 14. ☐ THE white-collar union, the Association of Professional, Executive,

Bagawan in Brunei,

Clerical and Computer Staff (Apex). is selling investments totalling more than £200,000 in five companies which it says have interests in South Africa. The companies are Allied Colloids, Guardian Royal Ex-change, Hanson Trust, Hawker Siddeley and British Tyre and Rub-

□ NEW EEC rules making manufacturers strictly liable for damage caused by defects in their goods will come into force in the next three years, Lord Lucas of Chilworth, Junfor trade minister, has told the House of Lords.

□ A STRIKE which threatened September's launch of the European space rocket. Ariune, was called off when 160 skilled workers returned to their jobs at the NEI Thompson engineering factory at Poole, on the south coast of England. The factory makes vital parts

□ SALES of Scotch whisky abroad could rise to more than £1bn this year. The Scotch Whisky Association said sales in the first half of the year earned £475m and there were signs that the decline in world sales had ended.

☐ MIDLAND BANK has joined the Channel Tunnel consortium which is bidding for British and French government approval to build a In South Yorkshire, an analysis | Channel. The £2bn scheme will be firm retained by the county council entirely privately financed and ophas found seven polluted wines out | erated and is expected to take four years to build.

Laker liquidator loses case against banks

defeated the attempt by the liquida- liquidator has not, by English stantor of Laker Airways to join them dards, got the beginnings of a case as defendants in his \$1.1bn anti-trust damages action in the U.S. against the banks."

The Court of Appeal said in London yesterday that the liquidator, Mr Christopher Morris, of Touche Ross had produced no evidence to support his claim that the banks had been parties to an alleged con-spiracy to put Laker Airways out of

Holding that it would be "uncon-scionable" for the banks to have to face anti-trust proceedings, the three judges reinstated an injunc-tion, originally granted in 1983 but discharged last month, ordering the liquidator not to pursue his anti-trust claim against the banks. Mr Morris was refused leave to challenge the ruling in the House of

procedure. He was told he would have to seek leave to appeal from the Law Lords themselves. The liquidator, who argued that under U.S. law he did not need to produce evidence at this stage, alleged that the banks had made themselves party to a conspiracy by U.S., UK and European airlines by

Lords, the final stage in the appeal

U.S., UK and European airlines by withdrawing from a rescue operation mounted to save Laker.

He relied heavily on a House of Lords ruling last year that he was entitled to sue British Airways and

operated in the U.S. and therefore not subjected themselves to U.S.

arisen from banking transactions in instice required the appeal court to England, governed by English law.

At the material time they had had no banking business in the U.S., ings.

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT MIDLAND BANK and its Scottish "In my judgment this would be subsidiary, Clydesdale Bank, have unjust and unconscionable. The

> Lord Justice Lawton said that it had been at the Bank of England's request that Midland had become the lead English bank in the Laker rescue operation, from which it withdrew when Laker's financial

situation worsened. Midland said - supported by the Bank of England - that if its efforts to help Laker made it liable under anti-trust law, banks would in future hesitate to offer facilities to any customer. English or foreign, carrying on, or intending to carry on, business in the U.S.

Lord Justice Dillon said it would be a grave situation if English banks, when invited by the Bank of England to mount, for domestic English reasons, a rescue operation in England for an English company whose operating subsidiary had done business in the U.S., had first to consider the risk of being "entangled in the meshes of the U.S. anti-trust procedures."

The judge spoke of the "farrago of suspicion upon innuendo upon withdrawing from a rescue operation mounted to save Laker.

He relied heavily on a House of trust ruling last year that he was tentitled to sue British Airways and British Caledonian under the anti
Toronto and Sharman Advisor of the supplication upon innuendo upon suspicion" that seemed to characterise the building up of an antitrust suit by U.S. pre-trial procedures, and suggested that it was important to insist on keeping U.S. British Caledonian under the antitrust Clayton and Sherman Acts.

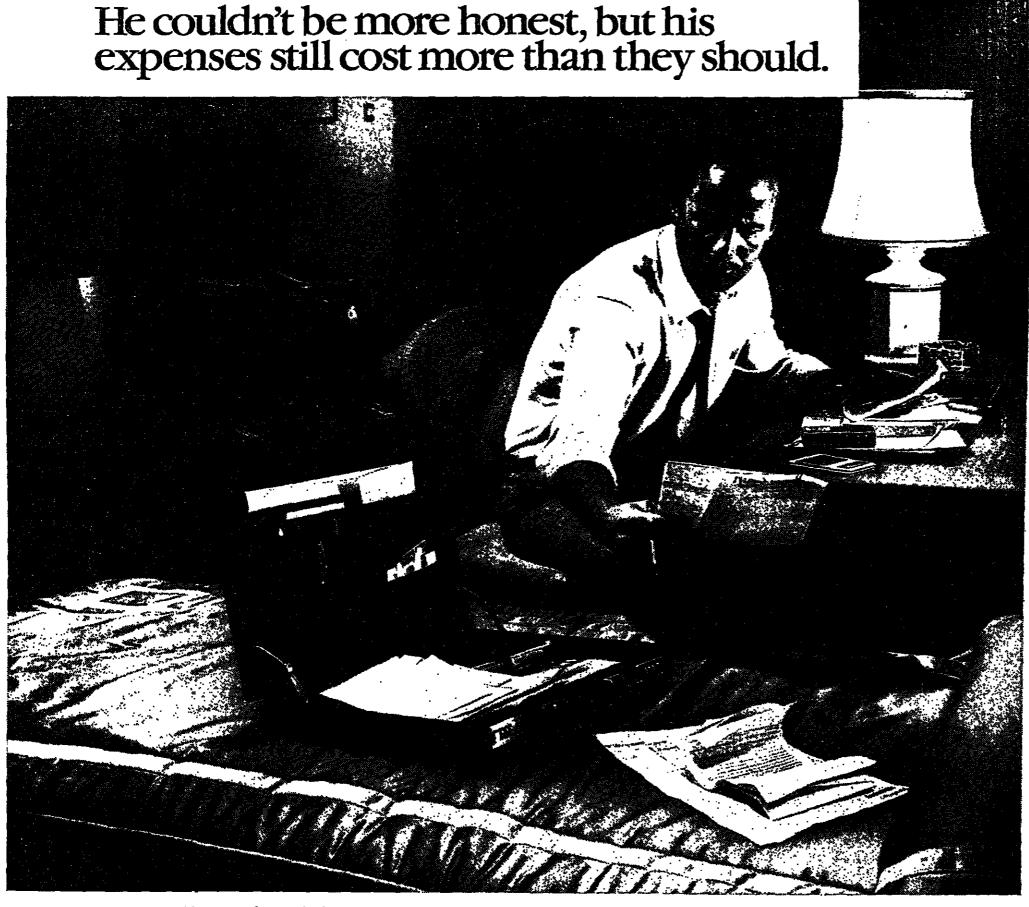
The appeal judges, however, ruled that the banks were in a wholly different position to the UK airlines, in that the banks had not limited the limited that the limited the limited that the limi

liquidator's argument that it was premature to assess the sufficiency of the evidence against the banks Lord Justice Lawton said that the But, he said, given the English conbanks' connection with Laker had text of their dealings with Liker,

no banking business in the U.S., except on the international interbank market.

Yet the liquidator was "trying to make the banks liable to the heavy financial penalties which can be awarded in a U.S. anti-trust suit for acts done in England in respect of which he has no claim at all in England to the connection and control it.

which he has no claim at all in Eng-ulate competition and control restrictive practices.



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DEBENHAMS SHAREHOLDERS

The following is the text of a joint press announcement from Debenhams plc and House of Fraser plc released yesterday.

During the course of the Burton offer for Debenhams, House of Fraser has acquired 29,480,000 Debenhams ordinary shares (representing 17.52% of the issued share capital). The Board of Debenhams, advised by N. M. Rothschild & Sons Limited, has urged Debenhams shareholders not to accept Burton's offer, which it regards as inadequate.

House of Fraser regards its interest in Debenhams, with its rapidly rising profits and strong growth potential, as a sound commercial investment. The Boards of both companies believe that the two groups are compatible in terms of style, business and management. House of Fraser does not intend to accept Burton's offer and intends to purchase further Debenhams shares.

In particular, there are two areas in which the two groups intend to co-operate and which present major opportunities for increased profitability. These are as follows:

Financial Services

The last published accounts of Welbeck Finance plc, Debenhams' credit finance company, show that it made over £20 million profit before tax on average debt of over

£200 million, a return of nearly 10%.

With sales within House of Fraser now running at over £1 billion per annum and within Debenhams at over £700 million per annum a combination of the two credit businesses should lead to credit sales of over £500 million.

The combined credit businesses would then have some 2.2 million cardholders. A combination of the existing credit debts would produce debtor balances of around £400 million, expected to rise to approximately £600 million within two years.

Merchandising and Distribution

In view of the similarity of merchandise sold by the two groups through both their central buying and their shop-in-shop concessions, there are considerable operational efficiencies available through combined new investment and the sharing of existing resources.

Clearly these arrangements are subject to the Burton bid for Debenhams lapsing, to detailed agreement being reached and, as appropriate, to the approval of Debenhams' shareholders.

99

Burton has put forward no commercial arguments justifying its repeated claims to be able to better the excellent performance of Debenhams. Burton, with or without the assistance of Habitat-Mothercare, has no record of the skills required in managing efficiently Debenhams multi-level stores. Nor have they declared any intention of continuing to offer customers the broad range of quality merchandise currently available in Debenhams stores. Furthermore Burton has, transparently, nothing to offer the other well-known Debenhams businesses such as Harvey Nichols, Hamleys, Lotus and Rayne.

The stance of the House of Fraser reinforces your Board's view that

Debenhams shareholders should:

□ reject Burton's inadequate bid

 \Box retain their Debenhams shares \Box continue to participate in the strong growth potential of Debenhams

DEBENHAMS SHAREHOLDERS SHOULD NOT SIGN ANY FORMS SENT TO THEM BY BURTON

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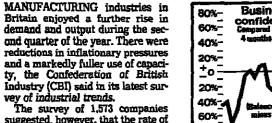


Major Saskatchewan Uranium Projects

CBI SURVEY OF INDUSTRIAL TRENDS

Business optimism levels off

BY MAX WILKINSON, ECONOMICS CORRESPONDENT



suggested, however, that the rate of growth would level off during the next few months, with business optimism now at a plateau, although it has not fallen from recent high levels.

The CBI says: "This situation is

obviously affected by export prospects. The slowdown in world trade growth and the renewed strength of sterling particularly against the D-Mark have affected export orders and optimism. The strength of sterling is also strongly affecting export margins and weakening price com-

"Investment is also now expected to be flat over the next year and the cost of finance has become a markedly more important constraint. Nevertheless, capacity is less adequate to meet expected demand than at any time since 1979. Taken together this suggests that growth may be moderating.

Nearly 70 per cent of those answering the questionnaire had unchanged levels of optimism compared with four months ago, with equal percentages reporting increases and decreases in confidence. The balance - the proportion

servatives into third place behind

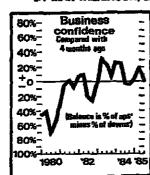
the Labour Party and the Social

Democratic Party/Liberal Party Al-

A Mori opinion poll in the London

barrassing four-vote defeat in a policies.

BY TOM LYNCH



CBI says this suggests that optimism has levelled off after a sharp

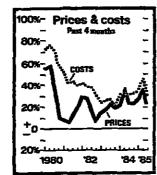
Growth of new orders during the previous quarter was reported to be slower than in the last two surveys. with a balance of 10 per cent reporting a rise in orders compared with been expected in April.

although companies in the chemical electrical and instrument engineering sectors are still reporting rising order books.

Output continued to rise, but at a slower rate than had been expected. porting rises in April and 27 per cent then expecting further rises. This result is still good compared to the figures of recent surveys.

The smaller and the largest companies continued to report faster

Top salaries row dents Tory support

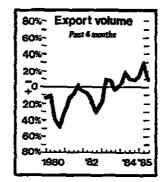


the chemicals, metal manufacture, textiles and electrical sectors were

Just under three quarters of companies still report that shortage of orders or sales is the main constraint on output. This is the same result as in April and still above the 24 per cent in April. The CBI said best result at the last peak of ecothis rise was also slower than had nomic activity, in 1979, when the figure was just under 70 per cent. The slowing of new orders is More companies are now complainmost marked in smaller companies ing of shortages of skilled labour, although companies in the chemi-with the proportion at 15 per cent. After the recent sharp rises in in-

vestment in plant and machinery the survey suggests a flat trend over the next year, with about an equal number of companies expect-A balance of 18 per cent reported a ing investment to rise as those exrise, compared with 21 per cent repecting a fall. This is the weakest pecting a fall. This is the weakest result since the beginning of 1983. Smaller companies still expect to increase spending on plant and machinery, while the largest ones are cutting back.

After some recent hints that man-



its workforce, the survey shows that jobs are still being lost and that more are expected to be lost.

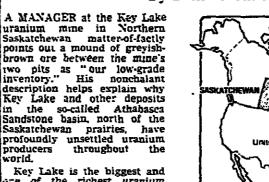
A significant weakening of infla tionary pressure is suggested, with the balance of companies reporting a rise in average costs per unit of output down to 30 per cent from 47 per cent in April. This result is bet-ter than any during last year and the trend is expected to continue over the next four months.

The proportion of companies execting to increase prices has also fallen faster than expected. This moderation is also expected to continue, particularly in the capital

The CBI says: Not surprisingly, export optimism has ceased to rise strongly in this survey. However, a balance of 2 per cent are still more optimistic than a few months ago. This is the lowest balance since 1982, and all but the smaller compa-

Saskatchewan makes sure of its key share of the world uranium market

By Bernard Simon, recently at Key Lake, Saskatchewan



one of the richest uranium mines this side of the Iron Curtain. The material in its "low-grade" stockpile, containing 0.6 per cent of uranium oxide (U.O.), is at least twice as rich as ore produced by its major competitors in Australia, Central and Southern Africa and Eastern Canada. The Key Lake deposit's average grade of 2.4 per cent is ten times higher than the Ranger mine in Australia and 75 times richer than the big Rossing deposit

Mine officials estimate that one hour's exposure to the grey seam at the bottom of the Gaeriner pit (the second pit, known as the Deilmann pit, will not be mined until 1988) prowides as much radiation as a important to pick up the avail-medical X-ray. Lead shields able market. This has meant separate the drivers' cabs of to some degree being competi-mine haulage trucks from their tive."

Production costs at Key Lake are not disclosed. Said to be somewhat below CS20 a lb, they are low enough for the three shareholders — the Saskatstarenoiders—the Saskat-chewan Mining Development Corporation (50 per cent). Uraners of West Germany (33 per cent) and the Canadian state-owned uranium company Eldorado Nuclear (17 per cent) to have brought the mine to production at a time of sliding uranium prices in late 1983. and to have stepped up output this year to full capacity of 12m lb.

Thanks to Key Lake, Saskatchewan's share of non-Com-munist uranium production has jumped from less than 5 per cent in 1980 to an expected 17 per cent this year.

The province's known serves are sufficient to supply all the West's existing nuclear reactors with fuel for the next 15 years. If deposits north-east ness appears to be profitable. of Key Lake—including some SMDC's net earnings from Key much richer — are mined, Lake and its 20 per cent stake Saskatchewan is expected to in the smaller Cluff Lake mine

provide well over 20 per cent in North-West Saskatchewan of the West's uranium output by 1995. jumped sevenfold last year to C\$15.2m. Concentrate sales rose C\$13.5m in 1983 to from C\$1 C\$133.3m. Key Lake's shareholders have

_Chaff Lake

put the cat among the pigeons by using their cost idvantage The impact of the Saskatcheto sew up sales contracts with at least two dozen utilities in North America, Europe and the Far East. Mr Roy Lloyd, SMDC's wan mines on world uranium markets is clear from the difficulties currently confronting producers in Eastern Canada. where the average grade of deposits is only about 0.1 per cent and where underground operations push up mining president, says with some understatement that "it was important to pick up the available market. This has meant

Mr Stephen Roman, chairman of Denison Mines, which operates a mine at Elliot Lake. According to Mr Lloyd, long-term contracts have been con-cluded for 60-70 per cent of SMDC's share of Key Lake pro-Ontario, complained earlier this month that the Saskatchewan mines "placed a great addiduction up to 1990. The three shareholders market their allottional strain on a weakening ments independently, with the exception of Japan, where SMDC and Eldorado co-operate. market. The Federal Government approved export contracts and long-term commitments at prices with which even the The two companies signed a C\$250m contract in July to supply 2.700T of uranium oxide Saskatchewan producers must be uncomfortable." from Key Lake to Kyushu Electric Power of Japan from

Denison's biggest customer, Ontario Rydro, has asked for a 9 per cent cut in contract volumes and the Elliott Lake To the occasional irritation of producers, the Canadian nine is examining ways of cut-Government imposes a number ting its workforce. of curbs on export sales. It inopportunity sists on bilateral safeguard Saskatchewan producers to raise agreements, thus ruling out sales to Taiwan and Switzer-

their share of the uranium market still further appears limited by utilities' well-known preference for a diversity of supply sources. Mr Lloyd says: "I think it could perhaps be pushed marginally higher — how much is another question."

Like their competitors.
Saskatchewan producers are banking mainly on an upturn in demand and a rundown of existing inventories to open up new markets for their material. They are sufficiently confident of this happening to press ahead with a number of uranium exploration and development About 40 companies, includ-

ing several foreign mining groups and utilities, are active Among them: the French on expectations of firmer de-nuclear company Cogema, a mand for uranium, the partners subsidiary of the French Atomic are aiming for a start-up date Energy Commission. Idemitsu between 1992 and 1995.

Kosan of Japan, Korea Electric The impact that Cigar Lake will have on the uranium mar-Electricity Generating Board. SMDC, a provincial govern-ment agency, is involved in about 100 exploration ventures

your tax

altogether. But with a strong tradition of co-operative social democracy on the prairies, chances of the company selling its interests to private investors seem remote. A public share offoring is a possibility.

O Possible Future &

54 Estimated Reserves

ing at 3 per cent of gross sales and reaching as much as 50 per cent. Saskatchewan's revenues from Key Lake taxes and royalties, likely to total around C\$120m this year, could rise to C\$400-600m in the early 1990s if uranium prices rebound signi-

With Key Lake at full production, interest is now turning to the rich, vast deposit at Cigar Lake 115 km to the north-east. Reserves at Cigar Lake are esti-mated at 385m lb of uranium oxide, almost half of Canada's entire known reserves, including Key Lake.

The grade of the 1,850m-long Cigar Lake deposit, which is at an average depth of 430m, is an astonishing 14.5 per cent. Underground mixing operations will probably have to be remote-controlled to minimise the danger of radiation to mine workers.

The three participants in Cigar Lake—SMDC (51 per cent), Cogema (37 per cent), and Idemitsu (12 per cent) have formed a joint venture to examine feasible mining methods. It is still uncertain to what extent the advantages of low mill construction and unit operating costs will be offset by what seems likely to be a sophisticated mining epera-tion. But Mr Lloyd at SMDC asserts: "All the partners have complete confidence that it can

be mined economically." The timing of Cigar Lake's development, Mr Lloyd says, will be "market-driven."

ket can only be guessed at, especially if projections of new nuclear generating capacity fail to materialise.

Residential Property

THE GOVERNMENT'S decision to packed House of Lords late on Mon-

award huge pay rises to civil ser-day night over its handling of the

vants, judges and generals has cost it an immediate 5 per cent drop in an opinion poll and pushed the Con-Service, the armed forces and judi-

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Lord Murray, the former TUC Labour peers cheered as the 140-136 vote was announced. The vote was on a Labour amendment Standard newspaper showed the to an Order implementing an drop in government support after the decision on top people's pay was the Lord Chancellor, which exannounced in the middle of polling pressed regret at the "insensitive Several Tory backbenchers implementation" of the pay rises in The Government suffered an em- the context of public-sector wage

The defeat came as a surprise af- also won the support of most speak ter a debate in which there were no ers from the cross-benches. dissenting speeches from the crowded Government backbenches, Gowry, the Civil Service Minister, such as those preceding last week's Commons revolt which cut the Gov- have spent more time preparing our ernment majority to 17.

general secretary, Lord Denning, the former Master of the Rolls, and the Bishops of Manchester and of Bath and Wells joined in the criticism of the Government's timing of

strongly backed the Cabinet deci- to a 35 per cent top-salaries award sion, however, and the Government announced by Labour in 1978.

During the debate, the Earl of admitted the Government "should announcement" of the acceptance of the Top Salaries Review Body

But he said there was no really suitable time for such an announce ment. "I hear the criticisms about presentation from our own supporters, but I find them wholly bogus from the Opposition." He referred

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1987 to 1999.

land. Ottawa also normally stipulates that Canadian ura-

nium must be processed in the

country, but some exceptions have been made to clinch sales to U.S. utilities.

The bulk of Key Lake's bust-

49-59 BATTERSEA PARK ROAD, SW8.

PHONE: 01-627 4300.

Company Notices

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US\$100,000,000 ing Rate Notes due 2006 (Coupon No. 2)

Pursuant to Note conditions, notice is hereby given that for the interest period from 29 July 1985 to 29 January 1986 an interest rate of 916 per cent per annum will apply. Amount per coupon =

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BASE RATE

Clydesdale Bank PLC

announces that with effect from 30th July

1985, its Base Rate for Lending

was reduced from 12% to 11½%

per annum

nieta fieranti

Ele lactical Edge

This year, First Boston's Merger and Acquisition Group has acted as financial advisor on 5 of the 6 largest deals, more than any other investment banker.

1985 Transactions

Acquiring Companies

General Motors Corporation

Allied Corporation

Baxter Travenol Laboratories, Inc.

Capital Cities Communications, Inc.

Nestlé S.A.

First Passage affects are indicated by held trans

Acquired Companies

Hughes Aircraft Company

The Signal Companies, Inc.

American Hospital Supply Corporation

American Broadcasting Companies, Inc.

Carnation Company

Form of Transaction

Transaction Size

Sale of Stock*

\$5,300,000,000

Merger for Cash and Common Stock*

5,000,000,000

Merger for Cash and Securities*

3,800,000,000

Merger for Cash and Warrants*

3,500,000,000

Cash Tender Offer

3,000,000,000

These transactions are also 5 of the 6 largest industrial deals ever initiated. The results reflect the effectiveness of First Boston's Merger and Acquisition Group.

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MANAGEMENT

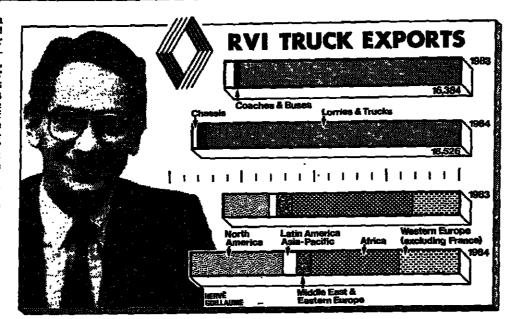
"OUR STRATEGY is based on the simple fact that we sell and we will sell fewer and fewer lowies in the world," philosophically says Hervé Guillaume. the new commercial director and international business manager of Renault Vehicules Industriels (RVI), the large loss-making truck subsidiary of the troubled French state Renault car group. And since Guillaume expects to sell fewer trucks in a number of big export markets in the future, he is developing businesses which will compensate for this decline. "What we will be selling more

"What we will be selling more and more of are packages involving trucks, components, services and engineering. In short, we will be selling cooperation to partners interested in our technology and products."

In recent months, Guillaume and his recently restructured and streamlined commercial team have been seeking to develop and intenisfy co-operation efforts between RVI and a number of export markets spread ber of export markets spread across the world from Latin America, to Africa, to the Far East and China. These efforts are all the more important since they come at a time when RVL like its parent Renault, is striving to cut losses in a flercely

striving to cut losses in a flercely competitive market.
Last year RVI lost FFr 2.99bn (£245m) while the Renault group chalked up record losses of FFr 12.5bn in 1984. Moreover the French truck market has continued to be depressed, with sales in the first five months of the year 22 per cent lower than during the same period last year. RVI, which has about 40 per cent of the market, expects truck sales in France to total between 33,000-35,000 lorries this year compared with an initial forecast of about 38.000 lorries.

Although there has been a small improvement in export sales in Europe, other overseas markets, especially in the developing world, have con-tinued to decline. Overall, RVI had a respectable export performance last year with export sales of FFr 4.97bn or 37 per cent of the truck company's total sales of FFr 13.5bn in 1984. Exports were 13.1 per cent higher in volume than in 1983 although they declined 18.9 per cent in volume in developing countries and by 26.2 per cent in Africa. However, Guillaume claims that RVI retreated less than its main competitors in these markets where the com-



Renault finds a barter way to sell trucks

BY PAUL BETTS IN PARIS

ments with partners in developing countries. But Guillaume emphasises that RVI is not prepared to make deals which lose money. "Most countries want to money. Most contries want to set up a mechanical and motor industry. But it is not my job to subsidise a national industry in France or elsewhere."

RVI, like other large Euro-pean exporters, now makes widespread use of barter compensation agreements with developing countries for payment of its equipment or services. About half of RVI's export sales outside Europe and North America involve some north America involve some form of compensatary agreement. From some countries, RVI buys components for its own truck and bus production or various commodity products which it subsequently resells. "Sometimes the barter can involve an entire contract, sometimes only 10 per cent of a sale," Guillaume explains.

by about 40 per cent.

To consolidate and expand RVI's position in developing export markets, RVI has adopted what Guillaume calls an open-minded approach to continuous and prefers and p

with sub-contractors, and have looking for a quick intermediary

"Our aim is to develop bilateral ventures into multilateral co-operation deals be-tween a number of different parties," he says. RVI, for example, sold 155 trucks to a Turkish company called Trans-turk which needed lorries to supply 350,000 tonnes of pipes made by the French Saint-Gobain-Pont à Mousson group to Iraq for the Baghdad waterworks. RVI was paid for the trucks with Iraqi crude oil. Guillaume says that in many compensation agreements, RVI tries to find other markets for the products of its clients when the French company cannot itself absorb these products.

RVI's current efforts in the Chinese market are a good example of this strategy in practice, RVI has been present in China for many years but recently its activities there were boosted by the sale for FFr 40m of one of its older diesel engine

major political connotations, solution to their diesel engine
"One aim is to develop needs while the Naples plant was no longer of interest to RVL The deal is interesting for RVI because it will give the Renault truck subsidiary a

second source of diesel engines for trucks manufactured in other countries under RVI licence. More significantly, the licence. More significantly, the French group sees this deal, albeit modest by comparison with some other co-operation ventures between China and Western motor concerns, as a way of becoming an important partner for the Chinese in their efforts to build a lorry industry of their own. In turn, RVI hopes to see its sales of components to China increase. "And this does not prevent us also from selling lorries to China," adds selling lorries to China," adds

RVI is also beginning to reap the fruits of its collaboration in export markets with Mack Trucks, the U.S. truck manufacturer in which the French company holds a controlling stake. For example, through Mack, RVI has just won its RVI's position in developing export markets, RVI has adopted what Guillaume calls an open-minded approach to co-operation with any French company prepared to enter into a wide range of co-operation agree-

followed up in coming months with a contract for another Australian city. "Mack has been in Australia for donkeys' years. We would never have attempted to penetrate the Australian market without Mack. It would have been beyond our means," remarks an RVI senior export official. Apart from bus deals, Mack's Australian subsidiary is now assemble ing a 38-tonne Renault truck model in Australia.

RVI is also seeking to use its Mack connection to boost its penetration of the Latin American market where the French truck company has traditionally

After the dramatic top management reshufile at Ren-ault at the beginning of this year, there were some initial doubts about Renault's future intentions over Mack. But Philippe Gras, the new chair-man of RVI, has made it abundantly clear that Renault has no intention of selling its con-trolling share in Mack and that he intends to make the most of the commercial, industrial and research development synergies between Mack and RVL Gras has also been seeking joint ventures with other truck producers in specific components sectors like boxes and castings to achieve more rational economies of scale. To this end, RVI recently signed a letter of intent with Rockwell of the U.S., to collaborate in the production

But despite the emphasis on collaboration deals, RVI obviously continues to have its sights on large export contracts, although these are becoming a twindling species. Guillaume claims that RVI is still in the fight with British Leyland for a major contract for the renewal of the Bangkok bus feet, involving up to 1,500 vehicles, despite press reports from Thailand suggesting that the British group currently has the upper edge.

In an effort to give RVI a more flexible and streamlined structure able to react quickly to export deals, Guillaume has, from the beginning of this month, rationalised the com-pany's international sales management team by putting just one man in charge of all RVI's products in each country.

As the former treasurer of the French truck company, Guillaume is obviously keen to cut unnecessary or overlapping costs wherever possible. But he also appears anxious to enable RVI to take advantage of viable market opportunities wherever and whenever they present themselves. His basic view is that there are no had countries in the world to do business with, but there are only bad

Money is the root of ...

... motivation, reports Michael Dixon

WHAT motivates managers? The answer researchers increasingly get when they put the question to companies nowadays suggests executives have undergone a swift and thorough change of character, at least in Britain.

Not long ago managers were typically thought to have complex driving mechanisms. Trendy employers' replies would probably have cited "Herzberg's positive motivators": opportunities for achievement, recognition for

achievement, responsibility, advancement and selfdevelopment as well as the intrinsic interest of the work. Traditional employers might rather have cited a sense of moral responsibility in executives little short of noblesse oblige. Recognising that they have been endowed with superior abilities, they in return take pride in using them to the full.

But what is typically thought to motivate managers today? Money.

The swiftness of the change rae switness of the change is shown by a study of executive pay policies in Britain just made by the Spencer Stuart headhunting consultancy, it asked about the present policies of the chiefs of 32 commanies which it had of 32 companies which it had questioned on the same topic

only five years ago.

"In 1930 a good steady salary, supplemented by company perks was seen by most chief executives as the most valued form of remuneration," the con-sultancy reports. The chiefs mostly believed that the optimum rewards for managerial success were a "decent" salary regularly reviewed, an array of in-kind fringe benefits symbolising respected status in the company, and a secure job with a good pension at the end of it. In particular, the notion of handing senior people extra cash as a direct reward for extra achievement was "viewed with a mixture of suspicion and distaste. . . It was acknowledged that these things were done elsewhere— but not in the UK where top people worked out of a sense of pride and achievement. "Five years on, this is no longer the case," Spencer Stuart says.
Since Margaret Thatcher's

Government cut the top tax rate from 83 per cent to 60 per cent, the previously proliferating perks have been thinned out with a vengeznee.

Gone are embelishments such as exotic office furnishings, clothing allowances and fees for the children's private schooling. True, company cars, medical insurance and comfortable pensions largely survive, but only because they are tax-efficient.

"If the situation changes, most companies are prepared to jettison them just as they jettisoned school fees and the like. It is understood that it would then be necessary to

Of the money paid at the moment, most almost always moment, most almost always still comes in the form of a "decent" salary—by which the 32 chiefs questioned apparently meant above the average reckoned to be paid by competing concerns. But with few exceptions the British employers have now overcome their distaste for rewarding specific successes with eash handouts.

"Companies have become much more goal orientated,

much more goal orientated, and one of the ways to achieve those goals has been to motivate through the implementation of direct financial incentives."

Incentive

These should not be confused with bonuses, Spencer Stuart insists. Bonuses are gifts bestowed to celebrate joyous events such as good trading results, Christmas, the chairman's birthday, etc. A direct financial incentive, by contrast, is: "a payment in addition to salary that is awarded for meeting pre-viously agreed objectives. The recipient participates in set-ting the objectives and is able to predict the money value of the incentive."
With but three exceptions,

the incentives offered by the surveyed companies had a top limit. It ranged from 20 per cent of the recipient's salary

up to 60 per cent, with an average of 37.

There was general agreement that such payments should be available only to people whose decisions and actions can actually affect results. One, but only one, of the companies recognised that in achieving goals executives tend to owe much to other people's efforts. It handed its successful managers not only their own individual reward but also an equal sum to distribute among their most deserving helpers.

There was also general

EDITED BY ALAN CANE

agreement on the need to refrain from using the payments as a flexible means of topping up salaries or, especially, as a reward for hard work rather than good results.

"Occasionally outside in-fluences will play havoc with finences will play havoc with a carefully constructed scheme after unstinting effort by the management team. When that happens, the chief executive must hold off making 'special exceptions.' If the relevant outside factors weren't taken into account when the targets were set, the incentive should not be paid."

In the chiefe own case, the

In the chief's own case, the In the chief's own case, the consultancy says, any incentive payments need to be determined by criteria which the chief is clearly unable to fiddle. "For example, the decision to add windfall profits into the total mix should not be seen to benefit should not be seen to benefit the chairman whose final decision this would be."

Schemes for rewarding chiefs should stand apart from those for subordinate managers, and be approved and monitored by the com-pany's non-executive directors. Since chief executives' prime concern ought to be the long-term health of the business, it was often thought that the best way of rewarding their especial successes was a share option scheme. But few of the companies similarly linked their share option schemes for lower ranked managers to achieve-

ment of targets. The change over the past five years is not just to employers' pay policies, but also in their executives' attitudes. "Their personal involvement in working towards goals they helped set, imparts a sense of excitement and personal satisfaction that appeals to more preneurial ma preneutral managers, spencer Stuart adds. "These new managers not only respond to direct anancial incentives— they demand

But in case anyone should think that the shift from moral responsibility to money grubbing in the executives' motivation has converted them into boardroom barbarians, the consultancy says that good manners, humour and poise remain the rule. "The attractive features of traditional British management style have not been sacrificed to ensure been sacrificed t

Tel: Lichfield 05432 58751/8

Lasers help

in distress

TWO MINISTRY of Defence

air-traffic control centres are

updating techniques to display information about aircraft in

distress using laser-writing systems supplied by Laser-Scan of Cambridge.

The centres, at Presiwiek and West Drayton, receive digital information about aircraft in trouble from net-

works of automatic radio stations. These bases receive

"May Day" calls from pilots of stricken aircraft and then

relay data about the vehicles' positions to the control

Under a £630,000 contract, the Cambridge company is producing computerised hardware that translates this information into signals that activate laser writing devices.

The latter project a red-line on a map, indicating the

locate planes

TECHNOLOGY

Testing time for Aids screening

Peter Marsh looks at rival methods of checking blood supplies

beneficiary of the relatively long time that Britain has taken to decide to introduce tests for screening blood supplies for

the next two weeks, and a full Syndrome) weakens the body's screening service costing £5m a resistance to disease and is year for hospital transfusion almost certain to cause death. supplies should start in the The disease has spread mainly autumn. A preliminary anby infection among homosexual nouncement is expected this men and drug abusers. People

the Aids antibodies have been available from U.S. manufacturers since the beginning of disease spreading in this way, the year, the UK Department of virtually all the 12m donations Health and Social Security refused to introduce them on the grounds that they produced Germany, France and Australia too many "false positives"— are introducing similar services, results which show the Aids

The delay in introducing antibody but which later turn screening in Britain has given out to be negative.

ave Aids. late 1980s and which is now The human body produces dominated by U.S. companies, Aids antibodies naturally in chiefly Abbott Laboratories, response to infection by the In recent months, Wellow

incubation of two hours.

antibody if it is present.

change, indicating a negative result.

bodies in the blood stream have a 5 to 25 per cent chance of having the disease, which has claimed about 160 lives in the tests should be completed in (Acquired Immune Deficiency the next two weeks, and a full screening service costing forms). The disease has spread mainly

can also catch Aids through Although commercial kits for receiving transfusions of blood donated by infected individuals. To reduce the danger of the of blood in the U.S. are screened for Aids antibodies, while West Wellcome the chance to leap Doctors in Britain argue that into the business of producing they want a reliable way of diagnostic kits for Aids, a ensuring that blood donors are market that could be worth not told incorrectly that they £100m-£200m worldwide by the

In recent months, Wellcome

HOW THE TESTS COMPARE

1 Alds virus is stuck to the surface of a sphere which is immersed in a blood sample. If Alds antibody is present, it binds to the virus. Incubation of one hour is needed.

2 An enzyme conjugate (based on an animal immunogloblin which binds naturally to human antibodies) is added. Further

3 If the virus-antibody compound is in the mixture the conjugate sticks to it. The enzyme can then be activated with another

4 If the conjugate fails to find an antibody with which to bind it washed away in a rinsing stage—and there is no colo

ADVANTAGES: test backed by tried and tested technology-

DISADVANTAGE: initial incubation stage allows proteins other than the Aids antibody to bind to the virus, providing a site for

Abbott is the world leader in immunoassay techniques.

the enzyme compound which then gives a false positive.

WELLCOME TEST: Competitive immun

I Aids virus is stuck to the wall of a plastic well. It then com

indicating a positive result.

4 If a binding site is vacant, the enzyme binds to virus. The enzyme is then activated by a chemical to give a colour change, indicating a negative result.

ADVANTAGE: Only one incubation stage and reduced chance

chemical to produce a colour change, indicating a positive

ABBOTT TEST: Direct immuni

THE Wellcome Foundation. a HTLV-III virus that causes has moved rapidly, joining fusions. About 75 per cent of forces with two London research the tests that give a positive pany, is likely to be the chief beneficiary of the relatively ticians, people with Aids anti-may have significant technical regative. advantages over rival kits.

Dr Richard Tedder, of the Department of Virology at the Middlesex Hospital, worked on the scientific aspects of the test while Professor Robin Weiss. director of the Institute of Cancer Research, isolated the Aids virus on which the product is based.

The U.S. companies, in contrast are working with Aids viruses produced by Dr Robert Gallo of the National Cancer Institute in Maryland. A rival team under Dr Luc Montagnier at the Pasteur Institute in Paris has "grown" from cell cultures a further strain of the viruses, which are the basis of other diagnostic tests under development in France.

Wellcome is entering into commercial agreements with the two London institutes to use their techniques in mass production of the kits. These have to be fairly cheap (Abbott sells its tests for £1-£2 each) and easy to use by unskilled easy to use by unskilled

Unilever and Boots-Celltech, two other British-based pharma-ceutical groups, were given the chance to market Aids tests based on the work at the Middlesex Hospital but turned down the offer.

According to Wellcome, its test produces virtually no false positives. In the U.S. the American Red Cross uses the

Abbott kits and is responsible

As a result, elaborate check-

ing arrangements are needed to retest all positive results before donors are told that Aids antibodies are in their blood. Wellcome says its product

selective way of spotting Aids antibodies in blood samples. Three American companies

nucleonics. At least two other manufacturers, Travenol and Du Pont, are working on their own techniques.

Like the Wellcome test, the

known as an antigen. The molecular structure of the antibody is such that it

In immunoassay techniques, biochemists exploit this anti-body-antigen bluding procedure to test for particular proteins that indicate disease or some other medical condition.

The market for immunoassay

performs better because it is based on an intrinsically more

have approval from the U.S. Food and Drug Administration to sell diagnostic kits for Aids
-Abbott, Litton and Electro-

Like the Wellcome test, the American kits use an immuno-assay method to detect Aids antibodies in a sample of blood. The antibodies are proteins which bind with and so render ineffective, the HTLV-III virus, because on a satisfact.

links selectively to the antigen with which it is "paired," in much the same way as a key fits a lock.

techniques is put at \$1.5bn annually, out of a total world business in diagnostic medical



Dr Richard Tedder testing for Aids antibodies at Middlesex Hospital, London

virus (heat-treated to render it III virus in the diagnostic test, impotent) is stuck to the sur- giving a "false positive." which could be confused with face of a small plastic well or

What happens next depends on the exact nature of the test (see below). But while the U.S. tests involve two incubation procedures during which an antigen-antibody reaction takes place, the British kit involves

only one. This reduces the risk that the test will give a positive result in the presence of pro-teins other than Aids antibodies. Sometimes an antigen can bind to proteins other than the antibody to which it is paired—just as a householder may occasionally find he can fit his key into someone else's

Scientists have found, for instance, that a protein called rheumatoid factor sometimes

a specimen of the HTLV-III becomes attached to the HTLV- women suffering from virus con-Trials at the chief reference

laboratory of Britain's Public Health Laboratory Service in Colindale, North London, have finished the first stage of an evaluation of the commercial kits for Aids. The laboratory tested the kits made by Well-come, Abbott, Litton and Elec-tronucleonics (the last of which is marketed in Britain by Organon, a Dutch company).

> The results of the trails have not yet been made public. But it is believed that the Wellcome and Organon kits came out of the tests particularly well.

chemists tried out the kits on samples from three groups: 220 UK blood donors selected at random, 83 people from the "high risk" groups such as "high risk" groups such as homosexuals and 57 men and

In further tests, workers of two blood transfusion centres, in Manchester and Edgware in north London, last week began to compare the kits' perform ance using a much larger sample of 12,000 donations of blood collected from around Britain in recent months. After the trials, the DHSS plans to introduce routine screening using one or more of the kits of the 2m donations

not yet been made public. But it is believed that the Wellcome and Organon kits came out of the tests particularly well.

In the work at Colindale, chemists tried out the kits on examples from three groups: 220

Other costs of the 2m donatonal made each year to the National Blood Transfusion Service. Assuming each test costs about £2, the department will have to pay about £4m for diagnostic kits alone. Other costs, for instance for more medical staff to do the testing and check the results, are likely to bring the bill to at least £5m.

line on a map, indicating the radio bearing that has been received. When two or more bearing lines intersect on the map (which may be the size of a wall) the aircraft position is known to within an acceptable distance and a communications system automatically links an emergency matically links an emergency controller to the pilot.
With this information, rescue services can be directly quickly and accurately to major incidents.

centres.

U.S. test is inefficient but rarely fails to detect virus

THIS SPRING the American nostics of Chicago.

As a result, the Washington-

Although the Abbott tests give many "false positives"results that later turn out to be negative—the Red Cross says this has not caused too many

All samples giving a positive confirmed positive after the Red Cross began screening the result to the Abbott tests, half a million blood donations indicating that the donor may it receives each month using have Aids antibodies, are tests supplied by Abbott Diag- checked using the Western blot in their sensitivity to Aids anti- tion to hospitals, donors are

This involves a complex in other words, they give virtu- only after the confirmatory into contact with a blood sample and binds with the Aids based medical organisation has series of procedures and can be ally no false negatives—results tests. more experience than any other carried out only by skilled body in Alds screening. The workers in a laboratory, not at antibody if it is present.

2 Enzyme conjugate (an Aids antibody fixed to an enzyme) is added to the mixture and incubated for one hear.

3 If the binding site is blocked by an Aids antibody, the enzyme conjugate fails to bind and so there is no colour change, the U.S.

In order experience man any other carried out only by skilled where the body in Aids screening. The workers in a laboratory, not at the any other the blood donation cline. While stream about half the blood donated in the Abbott tests cost \$1.52, a "Alther the blood donated in the Abbott tests cost \$1.50."

In order experience man any other carried out only by skilled where the any other than any other than any other carried out only by skilled where the any other than any other th

dent of the American Red Cross,

Western blot test. Importantly, however, the Abbott tests have a good record from 57 centres for distribu-

bodies, according to Dr Sandler. told they have the antibodies where the tests fail to record the antibodies in the blood "Although scientists may

find it unsatisfying that the According to Dr Gerald Abbott tests lack specificity, we Sandler, associate vice-presi- stressed to Abbott that sensistressed to Abbott that sensitivity was our main concern. the Abbott tests throw up about In practical terms, the tests Dr Sandler says he hopes to Aids, by the 17 positives per 10,000 dona-have been very successful introduce in the autumn a tests for the tions. Of these, only four are Virtually overnight, they made further series of tests which sold a year.

Under the rules of the Red Cross, which collects blood

Although the Red Cross began screening blood in March, notifications started successful way to confirm the presence of the artibodies.

only at the beginning of July. This was after trials had shown the Western blot method was a Dr Sandler says he hopes to introduce in the autumn a

will cut down the number of false positives. The American Association of

Blood Banks and the Council of Community Blood Centers, the other U.S. groups respon-sible for collecting blood, use a variety of commercial kits for screening blood supplies for

Abbott, which dominates the world of medical diagnostic kits, is selling Aids tests in Australia, France, West Germany and Holland. As more countries introduce compulsory screening of blood supplies for Aids, by the late 1980s 100m tests for the disease may be

Jet age engineering

Air jets are an important feature of a vibratory-bowl feeder system produced by Hilteroft Precision Instrumentation, 2 company on Salford University's science nark University's science park.
Components channelled by
the system to, for example,
automatic assembly or hardware or machine tools, are kept in place by blasts of air.
Other mechanisms sense the
orientation of the components, which could be screws or small pieces of metal, and those pointing in the wrong direction are ejected.

Television/Godfrey Hodgson

Sorrow and joy of the blues

Sorrow and joy; raw gusto and an elegiac nostalgia for a lost world; a driving will to survive and a wistful self-mockery. You can find all of that, and a lot more, in the blues at its dazzling, authentic best, when black men and women were making music for themselves and for other black themselves and for other black men and women, and pouring into strangely austere forms all the frustrated energy of the black American nation. You can find shallow self-pity, leer ing salacity, repetitious musical cliches and servile facetious ness, too, when black musicians are clowning for the white

BBC2's audacious Blues Night, which lasted from half past eight on Saturday evening until half past one on Sunday morning — no doubt in imitation, however half-hearted, of the late hours blues men have

man's dollar.

The structure of the programme was loose and seemed almost accidental, as though someone at the BBC had noticed that B. B. King was in town and the whole thing just grew like Topsy until its outsize proportions rivalled those of Brother King himself, a vast, smiling moonfaced man with the instinctive wit and modesty that work better than all the hype and glitz and razzmatazz in the world when it comes to making people like you on the

certain style, he was asked at one point by the interviewer. "Well," he said, after rippling off a pastiche of Django Reinhard at twice the speed of sound, "I guess I got stupid fingers!"

So the form of the evening was a multi-layered sandwich, with a medley of films about, or at least containing, blues of many kinds, propped apart by solid interviews with B. B. King by a pleasant fellow with a blond beard called John Walters. He seemed to know a lot about blues music and embarrassingly little about the history and experience of the black man in America, the soil in which the music grew.
Still, Walters held the even

ing together agreeably enough, and at least it was plain that a he really cares for the music.

B. B. King helped him, with a stream of gentle anecdote, and

TATES !



The "music of life" for B. B. King

B. B. King helped. But the music did the rest. It was not

knows nor cares what the music is trying to say.

The blues comes in many forms. It can be fast or slow,

forms. It can be fast or slow, vocal or instrumental; you can play it on the plano or on the guitar, solo or ensemble. But essentially it is a personal lament that is also a coded statement about an historic wrong. Its power and dignity come in part from the fact that blues players and singers.

the occasional sharp reminder who shot a man and was sent that he hasn't come all the way to the infamous Parchman from where he started without penitentiary farm.
knowing how to handle himself

B. B. King help

"Do you want to give up the blues and become an all-purpose entertainer?" he was asked. "I should be able to take my blues anywhere," he said, and told a story about the time he played a date in South Dakota, and "felt a little sad that they thought the blues shouldn't be played in their lovely hall."

King talked about growing up

King talked about growing up near Indianola in the Mississis The answer, surely, lies in the proposition I began with the chance to the proposition I began with the proposition I began with the proposition I began with always thought the difference was that in church, you were singing about heavenly bodies,' he said with a scraphic smile, "but singing the blues, you singing about other bodies."

It is a vanished world, and it has been evoked perhaps too often, and too insensitively. But B. B. King, who became a superstar to the rock generation and played with the Rolling Stones, really came from there. He is just 60, and he lowed that blues players and singers his music from the likes of Blind Lemon Jefferson and from Bukka White, who was his mother's first cousin, and for solidarity as well.

Mr Henty (the son of Tommy

Cooper) has a cheerily bumptions comic personality

that ingratiates; but the most

individual personality is that of Michael Birch whose bony

face, deep-set eyes and look of an unexorcisable inner

Jenerson's.

Now gather roun' me, people, let me tell you true facts,

Now gather roun' me, people, let me tell you true facts,

That tough luck has struck me, and the rats is sleepin' in mu hat

in my hat.

I don't think so. One reason is that the music is always bad when it only aims to please.
When B. B. King plays for college audiences, like Louis
Armstrong before him, he doesn't seem to know how good he and his music really are.
"Have you been having a little
fun?" he asks, and they squeal, as once they squealed for the Beatles, and for Sinatra, and before him for the Andrews Sisters. It is almost as if those commercial audiences like the blues musician, not for his virtues, but to the extent that he is prepared to abandon them. And in that coinage the true blues musician can always be

outbid. It is not that you have to have been a sharecropper to play the blues, or even to be black. B. B. King himself put music did the rest. It was not all good. Some of it—T-Bone Walker, for example—for all but unquestioning afficionados, is embarrassingly trite and self-conscious. But one of the advantages of listening to five hours of music was that you heard enough of the bad, as well as the good, to develop a theory of why it sometimes can be so terrible, when it can sometimes be so sublime.

The answer surely lies in his interviewer right about that, and we heard Mose Regur, a white man, singing Backwater Blues, about the great Missis-sippi floods of 1926 in indisput-

ably the true vein:

It rained five days, and the
sky turned dark as night
And we heard Charlie Feathers. who played with Elvis Presley before he ever left Memphis

Davis, sensitively interviewed by the inimitable Studs Terkel Davis is an old man now, born blind. He has never seen the keys over which his long fingers run with such sinuous power. run with such sinuous power.

"A lot of people think this is sad music," he told Terkel.

"But it can be happy or sad. We lived the blues." Or take Muddy Waters, the originator of the harsh, urban style of Chicago blues. "The type of blues I sing," he said, "you got to pay the cost out there." Or take B. B. King himself. "The blues," he said, "is a music of life."

The Tempest/Santa Fe

Max Loppert

composer writing in America today," has given the 1985 Sante Fe Festival its latest world premiere. The Tempest, a threact opera on Andrew Porter's. Shakespeare adaptation, represents an immense undertaking for this (or any) company—a spectacular deployment of complex musical forces (large cast and orchestra sonblisticated composer writing in America and orchestra, sophisticated electronic equipment, small Renaissance instrument group, jazz trio), in ways that indicate an imaginative fresh approach to Shakespearean opera.

In the wonderful Sante Fe In the wonderful Sante Fe auditorium, with the rear of the stage opened to catch the last rays of daylight, and the audience exposed to moon and stars (and to any sharp mountain breezes that may suddenly arise), it came across as a vigorous, confidently accomplished piece of work. Whether, however, it's an opera that should be attempted in other, less specialised operatic circumstances is open to doubt. stances is open to doubt. Eaton is a many-faceted musi-

and Electronic and Computer Center director at Indiana University, formerly jazz pianist and electronics' concert practitioner) and a brave man besides. For in the course of producing four one-act and three full-length operas. He has already tackled Aeschylus, Sophocles, and Dostoyevsky. From Porter he has inspired an extraordinarily astute, shapely, and practicable basis for an operatic Tempest. It's a treatment that (like Peter Pears' fashioning for Britten of to achieve it. After two hearThe Dream) makes room for ings of the work (at the dress music—by cutting, condensing, rehearsal and premiere), I feel regrouping the text—while still that Eaton's vocal writing, for managing to retain the essen-tial "flavour" of the verse. The libretto invites what such a task enjoins: a layering of the plot into carefully defined thematic

with regard not just to their assigned drematic functions, but to the way in which those functions change in response to Prospero's island magic. Miranda (soprano) and Ferdinand (tenor), given wide-span-ning lines marked by high tessiture and solo string accompaniment, converse at different empos until sanctified union finally brings them together.
Ariel (mezzo), who speaks to
Prospero in glittery fioritura,
carries out her supernatural errands with support from the Renaissance band and, when delivering the famous set-pieces, with simultaneous live-elec-

John Eaton, who a few years Jazz, increasingly complex in its ago was described on this page sound-world, forms the domain as "the most interesting opera. into which Stephano (buffo baritone) and Trinculo is placed at the centre of all actions, forces, musical styles. Microtonal intervals are an important part of the vocal writing. Tuning below concert pitch of certain instrument groups is likewise a significant element.

Description of Eaton's methods make them sound both recondite and forbiddingly comrecondite and forbiddingly com-plicated. But he wrings from them a genuine pictorial imme-diacy. He seems to be a lineal descendant of Charles Ives (though an infinitely more practical planner than his artistic ancestor) in the simple delight he evideotly takes in building up opposing simultaneities, in piling sound against and upon sound. The finale of Act 2 in sound. The finale of Act 2, in which both stage and offstage are filled at all corners with Prospero's enemies " all knit up in their distractions," affords the opera's most gripping and impressive pages (and for the conductor, who must hold together far-flung groups at their different rates of rhythm and tempo, moments of hair-raising cal mind (composition professor difficulty).
But, while the "technology'

of the score is remarkably quick to stratify all the sources of disharmony, it seems to me less well equipped to bring them together in concluding concord.
Or, to put the criticism another way, I find the basic musical material much less interesting than its manner of laying-out The post-expressionist vocal angularities for the lovers intend ardent lyricism but fail all its microtonal ingenuities, quite lacks the "animal" quality that any durable opera must command, the quality of being not just gesturally apt in context but instinctively right and instantly memorable. The uneven placing of Act 1 (which, strands that can be exposed, confronted, and finally brought together across three acts.

The score is, indeed, a tour de force of sonority differentiation. Eaton has laid out his forces with regard not just to their prospero's lengthy exposition is filled with appreciable detail filled with appreciable detail but deprived of internal energy or accumulating momentum.

A more serious, general doubt concerns the apparent in-ability of the musical language to penetrate the play's sub-stance, as distinct from its sur-face. The music deals, I feel, only in surface—there is no deep centre to the work, no genuinely musical arguing-out of what Frank Kermode calls "the organised contrasts be-tween Prospero's world and the world of the vile, between the worlds of Art and Nature."

with simultaneous live-electronic modification of her song.

The most noteworthy stroke the hit of the performance—is Caliban's personification by a low-voiced female jazz singer.

Worlds of Art and Nature."

The jazz Caliban provides a sharp pointer toward the central vacuum—the audience may have enjoyed the jolly bounce the "ban, "ban, Ca-Caliban" and "Freedom, high day" cries that close Act 1, but the troub-



Timothy Noble as Prospero with Sally Wolf as Miranda

ling, post-colonial implications in the singing of the excellent of the character disappear in Susan Quittmeyer, is largely

operas, and as an example of multi-layer opera of more recent stamp (Henze's We Come To The River being parties. another example), Eaton's "technological Tempest" holds an honourable place. But in relation to the higher claims currently being made for it, it

doesn't quite measure up. How much of this one should properly blame on the Santa Fe production is hard to gauge. It is given in the horridly unpoetic single set (a basic corallike structure composed of tin-foil-covered "fingers") and vul-garly dressy costumes of Allen Charles Klein — and though the producer, Bliss Hebert, has clearly not been unaware of the score's workings, he appears to have settled most often for the easy, obvious method of compassing them on stage. In fairness, he has committed only one act of really serious insensitivity (which for new opera producers is quite a decent score): the treatment of Ariel as a sort of faceless illuminated Christmas tree, always accompanied by a posse of copycat Ariels who flash up at assorted points of the coral. Any charm or pathos in the character, and

the process. counteracted (and amplification makes for inaudible words).

But Eaton has been very well served by a team of energetic, committed players, dancers, and singers, all of them American apart from one notable exception. This is the ENO's Ann Howard, a Santa Fe favourite, who makes a vivid impact, within given limitations, as an idlomatic, unembarrassing Cali-ban. (I wonder how Ella Fitzgerald might fare.) The fluent young lovers are Sally Wolf and Colenton Freeman (he con-sistently too loud). Among the nobles Kevin Langan's mellow bass Gonzalo stands out, Gimi Beni's Stephano is witty and unforced.

And the Prospero of Timothy Noble, who next year comes to Glyndebourne as Boccanegra, to Glyndebourne as Boccanegra, crowns the performance magnificently—imposing of stature, thoughtful of manner, possessed of a beautifully firm high baritone (if he and others had not coped so confidently, one might well have deduced from the score that Eaton's notions of available vocal range are wildly unrealistic). The conductor, no less Prospero-like in his mastery of complicated arts, is Richard

The Devil Rides Out—A Bit

Martin Hoyle

Baxter, Birch and Henty cated, not to say juvenile, style sound like an old musichali-act.

And despite the would be zaniness of their shot at inconsequential and surrealistically digressing narrative, their basic joke is the old vaudeville turn of a serious member of the team panto participation piece. attempting to tell a story while being cheerfully sabotaged by

The story is a Denis Wheatley spoof, the method reminiscent of even more ambitious enter-prises by the National Theatre of Brent, say; the result rambling and uncertain of aim, with arid patches from a like-able trio whom one would like to see in better material. haunting make him ideal casting for the young Rudolf Hess. Or even the old Rudolf Hess. All three labour with a will in the

The straight man is a woman. Susie Baxter works tirelessly as narrator and principal player in the Wheatley send-up. She offers both upper-class confidante and heavily-accented victim of satanism besides, in the evening's disjointed first half, trying to instil some order into her colleagues and compere a lecture on symbols of

purity. The company has been based in Battersea for two years and much of its work has concerned much of its work has concerned improvisation with a wide range David Laing has been of local groups, from youth appointed director of the clubs to old people's homes. Chester Summer Music Festival This explains the unsophistion in succession to Martin Merry.

Three-part Prom/Albert Hall

Dominic Gill

cathedrals, even in the open air or on high mountains." It is also one of his most entirely seductive and thrilling instrusecutive and turning instri-mental creations (the more so because no part could ever con-celvably be found in it for the ondes Martenot). It makes a magnificent opening to any Prom: the BBC Symphony Orchestra under Peter Eötvös

sweltering confines of the Lyric Hammersmith's little studio theatre; but too much of the material sounds as if it has been Xenakis's Ais for baritone and percussion soloists with orchestra is a work somewhat in the line of Stockhausen's Trans or Laszlo Vidovsky's Death of Schroeder: the initial impact is bizarre enough to provoke percent laughter but cobbled together by willing helpers in a school drama workprovoke nervous laughter, but the very force and momentum of the music quickly gains the upper hand. Nervous giggles of disbelief at the raucous falsetto New director for of the baritone Spyros Sakkas in the opening pages gave way Chester Festival to attentive absorption. Xenakis's gift above all is to

Monday's Prom contrasted The world of Steve Reich's three major orchestral works The Desert Music exists right by three living composers. He designed for mortuorum is window-displays of souvenir chain and for performance in the contraction of the programment of the contraction of the programment o designed for performance in shops on the promenades of vast spaces — "churches, seaside towns. I used to find gave it with fervour, and with exact sense of proportion.

> It is hard to know, certainly, exactly where else Reich could have gone from there. The Desert Music, however, shows him to have turned from brilliant inventor to self-conscious bad composer: a symphony of systems-kitsch-for orchestra and choir as crisp and concise as steamed marshmallow—system-Liberace, with-out the jewels or the fun. In the context of Messiaen and Xenakis, the equation couldn't have been clearer it's not the

much of Reich's "system" or "process" music interesting, and often stirring: Drumming for example, or Music for of large Ensemble were notable for their absolutely uncompromising purity of intention— an unfolding, inevitable as ocean waves, of a preordained process whose every ripple and permutation was perfectly crystal clear. The very uncom-promising directness of the promising directness of the proposition gave the music its

music that's minimal in The Desert Music, but the diamond hard stuff of inspiration.

Swan Lake/Coliseum

Freda Pitt

Time was when to see Rudolf by Tetsutaro Shimizu, turned out to be a characteries, mostly orthodox one, apart from an odd ending in which, after van-quishing the evil magician Von Rothbart, Prince Siegfried coaxes the expiring Odette back to life. This bappy ending Nurevey dance at all guaranthese days, however, the term
"Nureyev Festival" rings distressingly hollow, so that the tressingly hollow, so that the current run at the Coliseum would be more accurately described as "The Matsuyama Ballet of Tokyo, guest artist Rudolf Nureyev." On Monday evening, Nureyev looked so tense and exhausted, and his dancing so effortful and jerky throughout, that the only to life. This happy ending mirrors Soviet versions, whereas in the main the production adheres more closely to Western ones, for example in the absence of the Jester. throughout, that the only charitable conclusion to draw was that he was suffering from an indisposition or injury. He has certainly danced with much greater vigour and persuasive-ness at the Paris Opera this year, so one can only hope he

will regain a measure of his form as the season progresses. The Japanese company's production of Swan Lake, staged reason why Nureyev should

There were several dis-crepancies between the story as given in the programme and the ballet as enacted on the stage, including the ending and also the references to the Prince's friend, Benne, who does not appear. Pavel Gerdt, who created the role of Sieg-fried in St Petersburg in 1895,

abandon the part. On Monday, though, one's impression was that the story should be re-worded to the effect that the Princess Mother is concerned that her middle-aged stepson seems determined to remain a bachelor. Although Nureyev evidently knows the Tokyo version and adapts himself to it both in a couple of ensemble dances and in the rather in-sensitively choreographed Act 4 pas de deux, he inevitably looks something of a changeling in these Japanese surroundings.

While the company is making its London début, Yoko Moroshita is already known to audiences here. Technically competent, she was at her best in the Act 3 fireworks. The female corps is well-drilled, but the movements did not seem to come from the centre and flow through the body, so that the spirit of the work was almost completely absent; the sense of tragedy in Act 4 particularly so, partly because, as in Act 2, Ivanov's choreography has too often been replaced.

costumes (designer unnamed) and decent orchestral playing under David Coleman, this production probably gives anyone who has not seen Swan Lake before a fair outline of the ballet. There is no point, however, in denying that the shortarms and inexpressive features of the Japanese girls militate against the success of the performances with a largely Western audience, even if Monday's large one sounded quite enthusiastic. Nureyev has apppeared as Siegfried with innumerable companies round the world, but rarely before with one so hard to identify with—both for him and for us.

With elaborate scenery and

Pinter play at the

King's Head Harold Pinter's one-act play The Lorer opens at the King's Head Theatre Club on August 6. The play has not appeared in London since its original production in September 1963 at the Arts Theatre.

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Along the M4, for your Financial

level of Government incentives on the UK mainland are available the rightest level of Government incentives on the UK maintain are available here in the County of Mid Glamorgan. Cash grants, cheap loans, rent free periods in modern advance factories, training and relocation assistance, are some of the incentives available. For further details and free copies of our new Some of the intentives available. For fur the declare, the Business Location and Financial incentives Guides, return this coupon to the Industrial Development Unit, Mid Glamorgan County Council, Greyfrians Road, Cardiff CFI. 3LG or phone 0222 820708, and ask about the closest "Development Area" to London, on the M4.

Сотралу Address

Mid Glamorgan

TO BUT WHEN

Theatre

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality.

and overblown idea of theatricality. (239 6382).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Dreamgirs (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop

come a staiwart kiroadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (229 6200). Brighton Beach Memoirs (46th St). The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Engene falls awkwardly in love with his cousin. (2211211).

A Chorus Line (Shubert): The longestrunning musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as suditions rather than emotions. (239 6200).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes

ions a musical with dots and dashes

well with Tony Straiges's pretty set and James Lapine's book which

(239632).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gandy chous numbers. and gandy chorus numbers. (757 2626).

WASHINGTON

Count of Monte Cristo (Elsenhower): The second production of Peter Sal-lers' new American National Thea-tre company is the James O'Neill version of this swashbuckler.

TOKYO

Man of La Mancha (The Japenese ver-sion). Directed by Takao Nakamura, starring Koshiro Matsumoto. Per-formances also on Sundays. Imperi-al Theatre, near Imperial Hotel, Hi-him (197701). biya. (2137221).

LONDON

weet Bird of Youth (Haymarket): Lauren Bacall elegantly decadent as Tennessee William's doomed movie Tennessee William's doomed movie queen. Harold Pinter's direction and Eileen Diss's evocative designs contradict the play's lopsided reputation and place the central tussle between the star and her gigolo (Michael Beck) against a detailed canvas of small town Southern vengeliness by the sea (3398321). fulness by the sea (930 9832).

July 26-August

Noises Off (Savoy): The finniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of back stage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

(000 0000).

Marlight Express (Apollo Victoria):
Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Dispeyland, Star Wars and Cate and all indiscriminate rushing around. Dis-neyland, Star Wars and Cats are all influences. Pastiche influences. Pastiche score nods to-wards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

The Government Inspector (Olivier):
Striking but unfumny revival with
under-equipped TV comic Rik Mayall playing the poseur as a shrieking
nose-picker. Richard Eyre's production for the NT lacks either comic
tension or true delirium but, with
John Comiter's invoccing design design. tension or true desirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if any-thing improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Master son of Clarke Peters. Richard Eyre's production and John Gunter's affect tionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the re-cently deceased co-librettist Abe

Hilliard Ensemble/St Luke's

David Murray

Of various venues beyond the tain style captures one's imag-Albert Hall that the BBC has ination as being peculiarly ination as being peculiarly convincing. The Hilliard style Albert Hall that the BDC has explored for Prom purposes, none has proved a luckier find than St Luke's in Sydney Street, where medieval and Renaissance captures everybody's, these days, not because of some notional archaeological insight, music for smallish forces sounds wonderful. On Monday it was the turn of the Hilliard Ensemble to demonstrate that, singing two great a capella works by Pérotin and Guillaume de Machaut.

Failing time-travel with a tape recorder, we are never going to know just how the choristers of the period sang. In tune, we assume; but with what sort of vocal manners? Did they sort of vocal manners? Did they aim at a homogeneous blend, or were individual voices expected to stand out? Did they cultivate a robust, virile sound, or was something more devoutly "white" the norm? Were they emphatic with rhythms, as in dance music, or did ecclesiastical style prescribe a lower profile? Contemporary comment file? Contemporary comment gives too little help, for about such matters the terms of any judgment are relative to familiar contemporary practice. Modern "early music" per-formers have to exercise their

own intuitions on fragmentary

notional archaeological insight, but because it sounds balanced and exquisite now—and because it lets us hear everything we can see in the scores. (At another time, we might see other things). In scores so rich as Pérotin's four-part Gradual Viderunt Omnes and Machaut's Messe de Nostre Dame, the Hiliard treatment has the force of a revelation. a revelation. If medieval sacred music ever dances, then surely Videruni Omnes must. Over the long-held single notes of a slowed-down chant, the higher voices decor-

ate, canon-ise, play catch-as-catch can in vernal 6/8 time— "organum" techniques with brimming invention. The Hil-liard singers made it translucent, buoyant; and they did as much, and more, for the grander canvas of Machaut's Mass. The knottv closing pungently pre-modern, were a particular joy. At the moment I cannot imagine happier realisations of such music than the BRACKEN HOUSE, CANNON STREET, LONDON ECAP 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248,8000

Wednesday July 31 1985

A fighter for Europe

THE MOST spectacular proposal for European industrial co-operation, the five-nation European Fighter Aircraft, is in usual tag of war for project imminent danger of collapse. Its demise would be a disappointment but, to judge from the character of the lengthy wranging that has already taken place, not a disaster.

The fact that over two years the force work for the other air forces.

The fact that over two years the five countries have failed to agree on what type of aircraft they want to build has been a poor omen for fruitful collaborations. It promises unsatisfactory military compromises, additional complexity and additional cost. Add to this the danger that the management of the project, and in particular the award of contracts and subcontracts, will be determined by the need to satisfy national interest groups, rather than by commercial considerations and the case for an ambitious joint tory military compromises, addithe case for an ambitious joint venture may all but evaporate.

It is still just possible that these pitfalls can be avoided and agreement on a five-country EFA reached. Certainly a joint eff reached. Certainly a joint venture between France, Germany, the UK, Italy and Spain would give an enormous fillip to the cause of industrial collaboration in Europe. The goal of long production runs and a united approach to export markets remains a compelling one.

Rhetoric

In particular, the inclusion of Dassault of France, the leading European builder of fighter aircraft and a company with an outstanding export record, would be a tangible sign of France's willingness to translate its rhetoric about industrial collaboration into practice. But at appears that the differences between France and the other partners over the military role of the new aircraft, over design leadership and other matters, are too great to allow these un-doubted benefits to emerge.

Simply put, the British-led faction wants an aircraft that will be able to strike at enemy

the other air forces.

Rather than running that risk Rather than running that risk it is far better to go ahead with separate ventures — the French and that of the rest. But the criteria by which a five-nation project needs to be judged apply equally to one involving only the British. Germans, Italians and Spanish. A fournation (or three-nation) EFA would still have to be as cost effective as possible. To achieve that, management of the project will have to be extremely tight will have to be extremely tight and commercially aware. There must be maximum use of com-petition in the award of sub-

contracts.
It is in the nature of collaborative ventures that they bring economies of scale, but also extra cost because of decentralised production. It has been estimated that a joint project may cost 10 per cent less than a British national project going it alone - but that buying an American aircraft would be

almost 30 per cent cheaper.
On purely commercial grounds, therefore, there is a case for abandoning EFA alto-gether and either buying a U.S. aircraft or building one under licence. It is an option that is open to every one of the four air forces either jointly or

But the premium for a Euro-pean aircraft is worth paying. provided it is kept within limits by sound management. The U.S. industry is not so far ahead of Europe in this field for the effort to catch up to be hope-

less.

A four-nation effort may be less desirable than one of five participants, including France. If that is not feasible, it still remains important to pursue a drive towards standardisation leading to a single European market for defence equipment, comparable to that in the U.S. Even if the plan for a common fighter collapses, that overall will be able to strike at enemy units and positions on the ground and, in a variant, will protect the ground attack aircraft against enemy fighters. Even if the plan for a common fighter collapses, that overall the latter role, so they only want a lighter and less power-

SOVIET foreign policy, under has even put out feelers new management, is shifting about restoring diplomatic from the reactive to the active. ties with Israel; though We have grown so used over this came to nough, because of

take some adjusting to the new East politics. activism emanating from Moscow. But the change pre-sents new opportunities, as well We should learn more about

Foreign Minister, who, after the same time it will expect yesterday's formal opening of them to toe the diplomatic the tenth anniversary ceremony line more than countries like of the Helsinki accords, is due Hungary and East Germany today to hold his first bilateral have recently done, and it will meetings with Mr George run a tighter ship in both Shultz. Sir Geoffrey Howe, and Comecon and the Warsaw Pact, other western ministers.

evidence on the international chessboard. Following Mr Mikhail Gorbachev's recent proposal for a mutual cut of 25 per separate America from its cent or more in the number of allies and friends, and also to deny the West chances of experimental control of the co week Moscow proposed a mora-torium on nuclear weapon testing, cannily timed to coincide with the anniversaries of both the Helsinki accords and the Hiroshima bombing. That pushed Washington into speedily coupling its rebuff of a test moratorium with an unprecedented invitation for Soviet observers to monitor an

tance to the Reagan administration's Star Wars programme. about reaching a trade agree-Indeed, it seems to be the Soviet ment with such a different strategy to demonstrate some strategy to demonstrate some distribution of the political flexibility on other disarmacan hardly shun the political ment issues, precisely to rein. recognition it has long sought force the political impact of its from Moscow. The Sino-Soviet In fact, initiatives towards the

policy: there was a short spate them when Mr Andropov first came to power. What is elsewhere. Under Mr Gorbachev, the Soviet Union is wooing Western process. Europe as a whole, reviving an old tactic of proposing trade 1alks between Comecon and the EEC but putting on it the new political identity." It has

put the East Europeans on notice that the recent years of

ploiting any differences inside the Soviet bloc, a certain mistrust in the West is justified. standable reasons, be deepest Washington, But from

a bad thing for the Reagan Administration to be put to its Tactic

It is true that the Soviet under Mr Gorbachev. For too long nuclear arms control has Union under Mr Gorbachev has, if anything, hardened its resisting the society of the society initiative, from Moscow. The EEC may, rightly, have qualms economic body as Comecon, but split may have suited the West in the past, but Western U.S. are not a totally novel policy can hardly base itself on between Peking and Moscow. Into a Treasury posting in the finally, there is a case for that beare will not the Government in 1976 phase in recent Soviet foreign a state of permanent hostility novel is Moscow's initiatives come to the Middle East until Moscow and its Arab clients

have been brought into the If the West has a clear-eyed appreciation of Moscow's motives, it should be able to summon up the requisite vigilance in responding to the new Soviet initiatives. Western signed a five-year trade accord Europe should not allow any

ER parents must think the world has gone mad," mused the headhunter. He was considering the case of the 21-year-old woman bond dealer who had moved from the UK arm of a U.S.

investment bank to the London operation of a rival U.S. financial group. "She was a junior member of a team, earning £21,000 a year," he explaind. "Now she is earning £50,000." The size of the pay packets in Britain's financial community is already the stuff of legend. Following the rapid expansion of capital markets worldwide in of capital markets worldwide in the last few years and the aggressive entry into the securities markets recently of a whole range of new players such as banks and other commercial concerns, the value of individuals with the appropriate skills has dramatically increased.

creased.

As headhunters put it, the
bond dealer and many others
like her are benefiting from
what they call a "classic what they call a "classic demand situation" where de-mand outstrips supply.

mand outstrips supply.

Barely a week passes without another big staff move by stockbrokers, stockjobbers and dealers from one securities firm to another. Those involved in the moves are usually coy about the financial rewards which they are picking up, but in the secret world of the City, figures are now emerging about figures are now emerging about some of the deals being struck. One brokerage house recently was offering \$200,000 a year to

a 25-32 year old who could speak French and German and speak French and German and had three years in the securities business selling fixed interest bonds. Six-figure salaries for talented people are now becoming commonplace, while a successful equity salesman who is not even a partner in a British securities firm can command as much as £170,000 in some cases.

Some cases.

But while individuals in the City of London are enjoying the biggest financial bonauza the biggest financial bonanza of their careers, there are signs it may be storing up big trouble for financial conglomerates in the future. Securities houses on both sides of the Atlantic are already reaching for their lawyers to deal with staff matters as the strains and tensions begin to tell.

sions begin to tell. Barclays Bank has been considering what legal steps it could take following the recent defection of eight people from Wedd Durlacher Mordaunt, the Wedd Duriacher Mordaunt, the jobber with which it has formed a link. The terms of the Barclays deal valued Wedd at nearly £100m—but so far it has had to stand by helpless as its assets have begun to walk out of the door. (It is little comfort that the purchase price will be adjusted accordingly.) adjusted accordingly.)
All this excitement results

from the biggest upheaval ever in London's financial community which has taken place in the last two years. The changes have been triggered by the deal between the Stock Exchange and the UK Government, in which the Exchange agreed to shandon its fixed reals of the stock of th abandon its fixed scales of commission on securities transactions by the end of next year. the threat of a more co titive environment inspired a series of mergers and regroupings between the brokers and market makers on the Stock Exchange and a range of out-side interests, such as banks, financial conglomerates, and overseas financial interests.

This revolution in the way that London's financial com-

munity is structured has been

accompanied by change and turmoil among the personnel

City of London salaries

The dark cloud on the silver lining

By John Moore, City Correspondent



of the securities houses. of the securities houses. As links have been formed with outside interests by broking and jobbing firms, growing unrest has developed among staffs. There have been plenty of vacancies on offer in London for the discontented as some for the discontented as some miss out on the immediate "goodies" and others see their partnership prospects disappear for ever.

The big U.S. financial groups The nig U.S. mancial groups seeking to consolidate and develop their positions in London have been prepared to offer much larger salaries than their British counterparts. The new market in British Government securities which is being new market in British Government securities which is being formed will have 29 participants, including 10 powerful U.S. groups, in a market previously deminated by two British jobbing firms—Wedd Durlacher Mordaunt and Akroyd & Smithers—with a combined market share of 80 per cent. The hunt is on for per cent. The hunt is on for market making talent in London with salaries of between £50,000-

Headhunters in London attribute the merry go-round to a number of factors. Mr Somerset Gibbs, himself a former senior partner of stockbroker Capel-Cure Myers, and now running Directorship Appointments, a head hunting firm, argues that

• Eight dealers from Wedd

Durlacher Mordaunt, the market maker, have defected

to Kleinwort Benson, the merchant bank. The rumoured

merenant bank. Inc. the eight remuneration for the eight (which included two of Wedd's nine-man management team) is £1m in "Golden Hellos" and £2m

for their first year's salaries.

London (see panel).

together and the big financial conglomerates have been formed, "there has been a rather crude allocation of the goodies."
Partners of stockbroking and

Partners of stockbroking and stockjobbing firms have made millions of pounds from selling out their businesses to outside interests but the staff at lower levels feel that they have not gained sufficiently in personal financial terms from the deals. In all between £600m and £800m is estimated to have been paid for securities businesses in London in the last two years. People, Mr Glbbs argues, are

People, Mr Glbbs argues, are on the move because they are unhappy about the pace of decision-making in the large financial conglomerates which are being formed. "People do not like voids." he said. "There was not a realistic assessment of the amount of work involved in some of these deals. Mr Allan Stewart of Spencer

Stuart, another executive search company, said that after any merger there is "a period when people are prepared to accept change. The later the changes are made the harder it becomes for people to accept them and a lot of firms did not

environment unrough their max-ups with brokers and jobbers. In the past, senior partners of the top ten British securities drms were earning up to £1m a

Savory, Milln, the broker.

Mr John Hutchinson, a

senior gilt-edged dealer at Wedd Durlacher, left after

policy differences. He later joined Merrill Lynch to set

up their primary dealership in London at a salary run-

ning into telephone numbers.

Barclays Bank recently

poached Sir Martin Jacomh.

vice-chairman of Kleinwort

nariner.

SOME RECENT MOVES ON THE CHESS-BOARD

year each in a good year (of system of remuneration called which there have been quite a "golden handcuffs." They are few recently). Junior partners could be earning £80,000 to payment basis, which is some-£100,000 each. Staff of broking times performance related, so firms, while not earning a very that they have an incentive to high basic salary, often under stay with the business. In some £20,000, would be receiving a cases companies taking over bonus each year depending on how well the firm had done. how well the firm had done. The bonus, calculated as a per-centage of salary, might range between an extra 40 to 60 per

More recently, some bonus payments have jumped sharply. For instance, Scrimgeour Kemp-Gee, the stockbroker forming a link with Citicorp, the giant U.S. bank, paid its staff a 165 per cent bonus this year. Last year it paid its staff a bonus of 115 per cent. But basic salaries at Scrimgeour are salar to be a little lower than most. little lower than most.

Scrimgeour's senior partner Mr Richard Fulford said that the move was designed to give the staff some of the benefit the partners had received through their mergers.
Through selling out their

firms, the partners are gaining enormous sums. For example, Kleinwort Benson, the merchant bank is paying £44m for broker act quickly enough."

Moreover, serious cultural tensions have been created as the rigid hierarchies of the clearing bankers have come into contact with a dealing environment through their linking with hrokers and inhars. most lucrative deals.
In order to keep staff to-

• Capel-Cure Myers, the stockbroking firm, earlier this

year lost the bulk of its retailing team to Wood Mackenzie, the broker which

is linking up with merchant bank Hill Samuel.

Capei Cure-Myers recruited

two men from British Home

Stores to replace the retail-

• Laing & Cruickshank, the

stockbroker which is linking

minority stake in the profit for executives to provide a continuing incentive.

For the so-called "marzipan

set"—the bright middle rankers described as being "just below the icing and just above the cake"—a range of inventive remuneration schemes are being designed to keep them on board. Some partnerships have voluntarily agreed to re-allocate the spoils from the dis-posal of their firms.

In many cases they are being offered "packages" consisting of a guaranteed cash sum payable over a fixed period of time, say three years, providing they stay. A three-year package worth £450,000 in combined basic salary looks cosmetically more attractive than if exmore attractive than if expressed as an annual salary and offers a measure of financial security. They may also be security. They may also be offered share option arrangements, generous pension schemes, a car and loan arrangements for house pur-

thase.

Those seeking to lure teams of brokers and dealers away, meanwhile. have designed the "Golden Hello" arrangement, A cash sum is usually put up front for those walking through the door, and the amount is

t two of its oil tex

London securities arm of Prudential-Bache at rumoured

salaries of £40,000 each plus

Fielding Newson Smith, the stockbroker linking with National Westminster Bank.

lost two of its partners and two other staff who analyse

and Revan for a rumoured

combined financial package of

drinks sector, to de Zoete

often of a size that a first class English footballer might envy. The head of a research team might receive a capital sum of between £50,000 to £100,000 just to join. From then on the basic salary of the new staff will often the guaranteed over a period. be guaranteed over a period. In addition a bonus element might be guaranteed over the same period and all the fringe benefits paid that are enjoyed

elsewhere. sewhere.

Some City consultants see the seeds of future discord in these deals. Says Mr Carl West-Meads of the Wyatt company, the employee benefit and compensation consultants, "the people who are moving are putting themselves under enormous pressure. They are entering a hostile environment where existing staff are speculating about ing staff are speculating about the size of the newcomers' remuneration and are just waiting for a chance to put the

Adds Mr Alan Stewart of Spencer Stuart, "emerging financial conglomerates will soon be in considerable trouble." He says that financial pressures are building up as strif costs rise and bonuses and profit share payments are incorporated into salaries.

Rising occupancy and operate

Rising occupancy and operating costs following moves into larger and modern buildings and large investments in infor-mation technology and trading rooms is also adding to the pressure throughout the securities industry.
Increasing competition once

minimum commission scales are dismantled will put pressure on revenues, particularly if trading conditions in securities markets turn down.

For the moment all the ins are o ment of personnel will not slow down between firms. Talented brokers, market makers and analysts will find securities analysts will find securities houses ready to recruit them and offer large salaries. But few in the City believe that the bonanza can last. That is why so many are concentrating on getting the best possible short-term financial package — after all, their new careers may turn out to be short-lived.

Moscow's new ploys abroad

the past several years to the press leaks from Jerusalem, it Eastern superpower pursuing a showed the Soviet Union keen passive diplomacy, as distinct to join, or displace, the U.S. in from military policy, that it will the umpire's seat in Middle Nearer home, Moscow has

slack Soviet leadership of the eastern alliance are over. We should learn more about eastern alliance are over. the new direction of Soviet Henceforth, Moscow will hold diplomacy from Mr Eduard regular allied summits, consult Shevardnadze, the new Soviet or inform them more, but at which, if rumours are to be But there is already ample believed is to have the forevidence of Moscow taking the midable Marshal Ogurkov as its initiative on the international commander-in-chief.

This mistrust will, for under-That West European perspective, into there is qualified cause for optimism.

It cannot, for one thing, be

with that old ideological wedge to be driven between sparring partner, China. It itself and the U.S.

Benson, to head up its invest-

Men and Matters

Treasury circles

In the Whitehall snakes and ladders it seems one way to get the dice rolling in your favour is land on a square labelled

Number 10 Of the five senior Treasury officials named yesterday for promotion, or progressive side-ways moves, all but one has served time in the Prime Min-ister's office; and the fifth, Alan Bailey, the new permanent secretary at Transport, spent two years as deputy head of the Think Tank at the Cabinet

Office next door.
Bailey, aged 54, who moves over at the end of the year from his job as second permanent secretary in charge of public spending at the Treasury, is leading what might be described as a Downing Street conga. On his heels, Robin Butler, Mrs Thatcher' sportingn 47-year-

old principal private secretary, moves 200 yards west along Whitehall into Bailey's old desk. The move confirms the universal view that Butler is a rising star. He has won golden opinions from Mrs Thatcher and is credited with saving her from the Brighton bombing by keeping her from bed to read "one more brief."

He would now be well

positioned to become the next head of the Treasury, except that the present incumbent, Sir Peter Middleton, is only five years his senior Butler's transfer will make room in Downing Street for Nigel Wicks, until recently the Treasury's man in Washington. This will be the second time that Wicks has followed Butler

Prime Minister's office.

It happened before under the Labour Government in 1976 when Wicks succeeded Butler as How often does a Queen's an assistant private secretary at No. 10

post Andrew Turnbull is being to be a Sir? promoted back to the Treasury as under secretary in charge of public spending, so the Turnbull-Butler team will stay intact. present job in Downing Street system."

from Michael Scolar, and now once again he is following in Scolar's footsteps. For it is Scolar who is moving from the public spending hot seat to become head of the Central Unit at the Treasury, a com-bined think tank, intelligence agency and organisation unit.
Bailey's move—which got
this shuffle under way—is
regarded in Whitehal las well-

deserved promotion and was made possible by the early retirement of Sir Peter Lazarus Bailey is clearly being put into the Transport Department as a new broom. But in public spending terms, he is crossing over to the enemy side. When Transport and Treasury next exchange fire on pro-gramme limits, the guns should

be well-manned on both sides. For Butler-I almost forgot to mention-is an old hand at public expenditure control. He did Scolar's job for a white before he went to No. 10. Small world, isn't it?

Rules of law

The Law Society's Gazette, the solicitors' house magazine, reports that the 11,000 American lawyers who invaded London recently for the American Bar Association conference were fascinated by the history and social gradations of the English

Counsel meet the Queen? Why at No. 10. is a judge a Lord in court but The present holder of this a Sir outside? How do you get The Gazette suggests that "an

expenses-paid lecture tour of local American Bar associations awaits the person who can give intact.

a lucid explanation of the Turnbull took over his etiquette of the English legal



"And now another programme that Mr Brittan hasn't seen...'

No U-turns

The riddle of the temporary disappearance of Sir Terence Beckett was recently revealed in this column.

On his way to the north country by road, the hapless director general of the Confederation of British Industry had got no further than north London when he was lured from his route by road signs and found himself cruising the Brent Cross shopping centre. Good has come from his suffering, I am glad to report. A joint delegation from the Department of the Environment and the CBI inspected the road signs that led Sir Terence astray. While they were there, three cars nearly made the same mistake.

The DoE has now decided that the sign to the M1 should

He really was

A World War Two ship inspector named Kilroy became the world's pace-setting graffiti artist by scrawling "Kilroy artist by scrawling "Kilroy was here" on ship's hulls in the General Dynamics' Quincy, Massachusetts, shipyard. Kilroy launched more than just ships. He set in motion a grafiti craze which has since

swept the world and has found perhaps its most expert expo-nents in the US on the New York subways.

Now General Dynamics, under fire from the Pentagon and Congress for alleged over-charging and other misde-meanours, has run out of

orders for new ships and is closing the 100 year-old Quincy More than 4,000 workers will lose their jobs. But Kilroy's legacy seems sure to live ou.

Root out

Japanese Government officials worked feverishly to round up a few Japanese-speaking Ameria few Japanese-speaking Ameri-can journalists to appear at Prime Minister Nakasone's televised Press conference yester-

day.

But it turned out that reporters' questions were being vetted and nothing too contro versial was going to be allowed.

Los Angeles Times reporter
Sam Johnson refused to attend after the issue he wanted to raise was ruled out. Jameson wanted to ask why the quotas on konyaku, a root vegetable grown in various parts of Asia, were not being lifted the import promotion

ackage. Japan's konyaku, it appears. is grown almost exclusively in Nakesone's home district of Gumma.

Testing times

Sign in a Croydon maternity ward: "The first five minutes of life are the most dangerous. To which someone has added a rider: "The last five minutes are pretty dicey too."

Observer

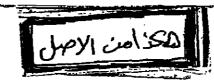
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AMERICA'S SDI PROGRAMME

The A to Z of Star Wars

By David Fishlock, Science Editor

THE Strategic Defence Initiative, Star Wars, is a U.S. technological objective as ambitious noiogical objective as amotinus as the Apollo Moon landings of the 1960s. It promises to amplify American strengths in many technologies, especially information technology.

Here is a simplified guide to the intricacies of the \$26bn

programme:
A is for artificial intelligence, sometimes called the fifth-generation computer, the most ambitious goal of the electronic age. The idea is to teach the computer to do that which, at computer to do that which, at present, mere humans can do better—in this case, to manage a battle. This battle would be found that the state would be fought with beams at the speed

of light Also for Lt. Gen. James Abrahamson, in control of the SDI research programme and

B is for battle management, mquestionably the most diffi-cult of several formidable technical challenges a beam weapon defence must overcome if the

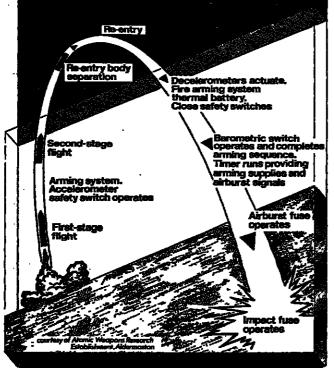
SDI is to proceed.
Once the button is pressed, the entire process of identifying target missiles at long range, zapping them with a beam within a fraction of a second of sighting, then verifying a kill or refocusing for a shot, must be done entirely without human intervention—

without numan intervention— by artificial intelligence. C is for Nicholas Christofilos, the late American engineer who is credited with the idea of beam weapons, dating from the late-1940s. Christofilos was an ingenious inventor of accelerators (atom-smashers) which generate speed-of-light beams.

inventors since the first flying or submerged in the ocean, not machines, and the purpose of what the Air Ministry scientists of the 1930s dubbed their "black boxes." The military debate, President Reagan made or reference to space.

His for the high ground, the start was a specific in short the common of the

E is for the electromagnetic spectrum, the "rainbow" of rays the SDI is exploring as directed energy weapons. The inventor can choose from a continuous contraction of the spectrum of the spe relatively long radio wavebands through microwave, infrared and the various colours (wavelengths) of visible light and the moon in 1969. Space has been an integral part of defence strategy for the past quarter-century. lengths) of visible light, nar-rowing to the ultra-violet and



SDI aims to knock out a nuclear missile in the first stage

nomers had the idea of using (some say) thereby make many small, perfect mirrors Moscow more willing to discuss under the control of a computer which continuously adjusts each one individually to present one

ngenious inventor of accelerabig perfect reflector.
G is for ground, a reminder
that much of the technology of
the SDI may be buried in silos

traditional military objective; none stands higher than space. The Soviets won it with the Sputniks, placed in Earth orbit in 1957, but the Americans reached the Moon in 1969. Space

I is for information tech-nology, the all-encompassing term for advanced electronics the sceptics said would be impossible for beam weapons until the SDI enthusiasts discovered the "rubber micror" in a Californian university. Astro-

J is for joule, the unit of energy in which potential beam weapons are rated. The most powerful chemical lasers so far have an output energy of the order of 10 kilojoules. But the way appears open to engineer far more powerful lasers, intheoretically having 100-1,000 times the energy.

K is for Lord Kelvin (1824-1907), one of the most re-nowned British scientists, who nevertheless is on record as believing that radio had no future; that heavier-than-air flying machines were impossible; and that X-rays would prove to be a hoax.

L is for laser, the amplifier of light rays, invented by Theodore Maiman, a U.S. defence scientist, in 1960. It has

assured destruction, Churchill's craft or satellite to reflect a "sturdy child of terror" which has been the rationale of nuclear defence for the last 30 years.

MAD was born of a weapon, the techno-politics, who converted A-bomb, one million times as effective as high explosive; followed by the H-bomb, 1,000, 10,000 times as effective as the

A-bomb.

It is said that beam weapons will prove one million times as effective as the H-bomb, another step change in technology necessitating a new rationale—the SDL.

N is for negotiation over

N is for negotiation, over growing nuclear weapon stock-piles, the size of which has bepues, the size of which has be-come politically unpopular for President Reagan. Akthough older nukes are being dis-mantled, the newer missiles pack more nukes within a single nose cone—a trend which shows no sign of abating under the rationale of MAD.

the rationale of MAD.

O is for opto-electronics, the confluence of two technologies forming the basis of information technology. Sensors which can see specks of heat several thousand miles distant, com-puters which manipulate hotons (light particles) rather than electrons, and satellites which steer beams to the target are examples of opto-electronics the SDI will need.

P is for pulsed power, the technology of unleashing immense amounts of energy very swiftly, which lies at the heart of all beam weapons. Although Britain has no formal role yet in the SDI, American defence scientists freely acknowledge Aldermaston's contribution over many years to the technology

of pulsed power.

Q is for those who question the case for SDL They can be seen as a spectrum that reaches from those implacably opposed to nuclear weapons (who reject SDI because of the key role of the U.S. nuclear weapon laboratories in its conception), through political opponents of President Reagan, to scientists who see insurmountable problems for specific portions of the technology, and many more who dread any disturbance of MAD.

R is for President Ronald Reagan, whose speech of March 23, 1983, rekindled an antiballistic missile (ABM) debate which waxed in the 1960s but

weak radar echo.

T is for Edward Teller, 77,
Hungarian-born hawk of U.S.
techno-politics, who converted
from sceptic to an articulate
advocate of the SDI and has
been advising both President

been advising both President Reagan and the programme itself. Teller promotes the idea of large-scale demonstrations of critical aspects of technology to help convince sceptics how far they have advanced.
U is for universities, whose

ideas for truly imaginative leaps that might improve certain technologies 1,000-fold certain technologies 1,000-fold in the next few years are being sought by the Strategic Defense Initiative Organisation in Washington DC. The SI-10 has money—\$1.4bn this year, and plans for spending \$26bn in the first five years (although Congress is proving hard to persuade). persuade).

V is for vaporise, the most

obvious effect of a powerful beam striking its target. The effect of a beam piercing a fuel tank of an ICBM could be devastating. But less-publicised effects of high-energy beams have been noted, such as violent explosions deep within a target when an electron beam strikes
W is for a weapon which
strikes at or near the speed of
light 100,000 times faster than its target missile, where the weapons of primitive systems were missiles of much the same speed. Radars 100 times as powerful as any in the early-1960s, and computers which have tripled in power every three years, have also helped

change perceptions of ABM X is for X-ray laser, shortest in wavelength and therefore most penetrating of the beams contemplated for the SDL But the only way known to pump enough power into a laser to get

"hard" X-rays—the shortest—is with a nuclear explosion.
Y is for Gerold Yonas, chief scientist of the SDL an international authority in thermo-nuclear fusion from the Sandia National Laboratories in New Mexico. Sandia is the engineering laboratory for nuclear weapons designed by Los Alamos and Lawrence Livermore. These three laboratories are the mainspring of the SDL Z is for zenith, the high point of the ICBM's trajectory, when

its warheads and decoys fan out and vastly magnify the SDI's problems. The beams have just 340 seconds to find their targets before this happens.

Europe's Eureka programme

Neighbours must unite on new technology

By Hubert Curien

LEADING THE way into the 21st century, Europe, with the rich endowment of her tradi-tions, her past, her culture, has just pledged her determination to reclaim her rightful position in world development. Faced with the considerable

efforts initiated in the U.S. and Japan, Europe has chosen, without further ado, to close ranks and brace herself to become a front-ranking power in high tachrology. technology.

The Europe of technology means tomorrow's industry, tomorrow's jobs, tomorrow's competitiveness for Europe. A research potential of the first order, with the manpower, the ideas, the projects and the hardware to match, provides us with the means to achieve this

Today. Europe is embarking resolutely on the path of progress. Over a number of years already, the movement which will turn Europe into a high-technology continent has been taking shape. The EEC Com-mission has put together a set of programmes which are already playing a very positive

Already, networks of European researchers or laboratories are being set up, while joint European efforts are being forged. Looking for a partner among one's neighbours is becoming as natural as looking for one across the Atlantic or in the Pacific, if not more so. Eureka, the European tech-nology co-operation programme, belongs to this movement.

completes and amplifies what is already there. It aims at attain-ing the capacity to build technological hardware involving a re-search effort which draws appreciably on the technological base already achieved.

Europe has already success furope has already successfully developed such programmes. In the field of outer space, for instance, within the framework of the European Space Agency, there is a continuing scientific and technological effort coupled with the building of hardware establities. building of hardware, satellites or launchers, catering to current market needs. Europe, albeit a less broadly-

based Europe, has also demon-strated its capacity to develop the Airbus aircraft and make the venture not only a technical Such encouragement is by The author is France's but also a commercial success. no means a substitute for the Minister of Research and These two examples are a determination of industry itself. Technology.

Hubert Curien

good illustration of the Eureka approach. The objective is indeed to develop projects which must of necessity have Tec an outlet meeting the needs of world or European markets, whether these needs be commercial or a matter of social or strategic necessity. Capitalis-ing on the European dimension, these projects must involve genuine co-operation between advisedly, the major industrial companies ganising it. of several European countries while, at the same time, leaving the door open for smaller companies and research centres.

Eureka's specificity is that it is a set of such projects in the fields of high technology (communications, production, life sciences) each having its own organisational set-up—usually akin to that of an industrial project—bringing together genuinely interested countries or companies.

Such projects, conducted in Such projects, conducted in a variable geometry framework will be encouraged in several ways: they must be given clear priority within national research and development policies; they must enjoy preferential funding within the framework of the European Community; and they must also have the benefit of a European market. European market.

Europe must devise a new state of mind which will incite her industrialists to talk to each other and then join forces on a given project, with the support of the powers that be and the Community institutions, so that she asserts herself as a major world partner.

world partner.

During the run-up to the next Eureka rendezvous in a few months' time, every effort must be made to forge links between our industry and our rescarch centres. On July 17, in Paris, before 34 Ministers, I appealed to European industry to propose new projects, to deepen its contacts, so that fresh agreements might take shape. This appeal must be backed by our joint political resolve to encourage by every means at our disposal the truly cultural revolution already under way in lution already under our time-worn Europe.

In this respect, the reaction of the various delegations has been encouraging since each expressed its determination unreservedly. We must therefore press on resolutely in two direc-

• Technical: our proposals must be brought to maturity as soon as possible, the companies concerned must join forces, de-fine precisely, for each project, the sum total of tasks required for its completion, identify problem areas, assess its cost advisedly, suggest ways of or-

 Political: each party, according to its own interests, will have to choose those projects it wants to participate in and hence choose the Eureka projects. Then the funding can be tackled in concrete terms. We must also define together, with the help of the European Commission, general measures re-lating to market organisation.

In the work which lies ahead. it is our own future which is at stake since nothing will be achieved without European solidarity. In Paris on July 17, Europe as a whole affirmed her strength and accepted the technological challenge: building on her heritage of traditions, culture and intelligence, she is re-solved to stake out her position in the forefront of progress, competently and generously. United we can succe

Off-the-shelf aircraft

From the President, Society of British Aerospace

Sir -- In the welter of debate about the collaborative options for a European fighter aircraft (EFA) it has been suggested that the cheapest solution for UK would be to buy American aircraft off-the-shelf. This is a

specious and facile argument. Setting aside the unpredictable and capricious movements in the dollar/sterling exchange rate which have been playing havoc with the funding provisions for Trident I would have thought that a moment's thought would have yielded the follow

ing:
The UK aerospace industry is one of this nation's most successful wealth producers, exporting products last year to a value in excess of £3.5bn. Much of the technology contributing to that success is derived from our involvement in military aircraft

> The intellectual thrust for all aerospace programmes is pro-vided by the design teams. Dis-pose of the design teams and the whole industry would wither. How do we measure the cost of that?

A major combat aircraft programme like the Tornedo, which we build in collaboration with Germany and Italy, generates direct employment in this country for over 50,000 skilled workers. If there is no follow-on programme to meet the defence the mid-1990s what fairy godnother will provide redundancy payments and social security penefits or alternative employ-

nent?
The world export market for a fighter in the EFA class is stimated to be some \$50bn for he period 1995-2005, much of t within Nato. The multiplier flect from the provision of ogistic support and training luring the service life of the ircraft will at least double that alue. The potential economic alue. The potential economic enefits to the UK from achiev-

int if they do it is vital, as has een demonstrated in recent mes, that they can rely on mediate and dedicated suport from an aerospace industry hich has a total systems

Letters to the Editor

than the British, believe that | bers of the committee of this their future prosperity depends on maintaining their place among the world leaders in high technology for which their aero space industry provides the cutting edge.

29, King Street, St James's, SW1.

Dire effects of a penny From Mr J. Shaw.

Sir,—I agree whole-heartedly with the sentiments expressed by Mr Leslie J. Tolley (July 26) in relation to "top people's" salaries. Do these "greedy" careerists (who frequently have little equity in their employing company) ever consider the basic needs of their lower paid employees, and for that matter, does anyone in government either?

We employ a number of young persons whose present annual remuneration is the maximum which can be paid within the 7 per cent rate for National Insurance Contribu-tions. If we increase these young people's pay by even one penny per week, they are immediately faced with an additional 2 per cent charge to NI over the whole of their wages—they are thus "rewarded" with a £1.79 per week reduction in take-home pay. This is crazy.

J. Nell Shaw.

John Reynolds and Co.

Mortgage interest tax relief From Mr P. Jackson

ng even a small fraction of hat market are enormous. Are really prepared to abandon hese benefits gratulously to the mericans and French?

We all hone our Services will we want to see tax relief on mortgage interest phased out — Conservatives because it distorts the free market economy (a view we all hope our Services will ot need to use their front line ircraft in operational combat. With they do it is vital, as has Alliance because such relief is both unfair and does not fit in with the philosophy behind its proposed restructure of the tax

Yet publicly all parties recognise that to admit this would be political suicide. Recently Labour had to deny it was even anability.

In short, those who argue that ne cheapest option for Britain ould be the purchase of merican aircraft off-the-shelf ould be equally correct, and qually preposterous, in arguing nat the cheapest solution for rance would be to buy British ircraft off-the-shelf. But I ispect that the French, no less

enquiry, and this latter aspect suggests that their findings wider debate.

Isn't it about time that we

recognised that there are some issues (major changes to the state earnings related pension scheme and the welfare state are other examples) for which our party political system is unsuited because the only way forward without a frequent reversal of policies is by a consensus of opinion between all parties? In other words, crossparty consultation and decision-making on certain vital issues The present political posturing on mortgage interest tax relief may score a few points off the opposition, but I doubt whether it is in the long-term national interest.

P. Jackson. 8, Branksome Way, New Malden, Surrey.

Drift from farming

From Mr O. Laband
Sir,—The Hon Secretary of
the Farm and Food Society
(July 20) has highlighted some of the reasons why the privately funded international project which is to be launched in Africa will have to look at its projects very carefully.
With 30 years experience in

agriculture and agro-industry most of it in Africa perhaps I may be permitted to add to these observations.

The decline in agricultural production has been accelerated by the drift to the towns from the villages of the young and fit who are now educated and find life in towns more remune-rative and stimulating. It leaves the elderly up country to grow the food. This drift must be contained, and if possible, reversed. Agriculture has to be made financially attractive as the up country infrastructure which must provide water, elec-tricity, housing hospitals and all other forms of recreation which can be found in towns.

subsistence agriculture as practised in most areas does not provide an income which can compare with that of a clerk in town. Holdings are too small, the land tenure system does not encourage the development of larger individual units. It is very difficult to buy land. Land is people's security. One does cale government intervention

is people's security. One does not sell land. State owned small holding schemes with co-operative marketing and logistics support from a larger centrally based

estate have had an element of success. The state or a commercial enterprise acquired the land and let out the holdings. The centrally run estate pro-vided the training for the smallmouts. It sold the produce processed the surpluses. The small holdings were large enough to produce an income which exceeded that of a clerk

in town. The creation of such units requires finance and an input of expertise and controls. Most Governments will agree to accept the finance, they must also be persuaded to accept the con-

The primary object of any aid must be to make agriculture attractive to the young. Otherwise whatever the scheme, the object of increasing output will make the object. O. E. K. Laband.

Glenyra, Earlsjerry Elie, Fife.

Industrial training

From Mr B. Lovesey
Sir,—Sir Richard O'Brien
(July 24), states that "There
should be no need to recruit
from outside if a company is training its staff properly."
Where does a new company
recruit its staff? How does a company with a 50 per cent per annum growth rate train the staff it needs five years from

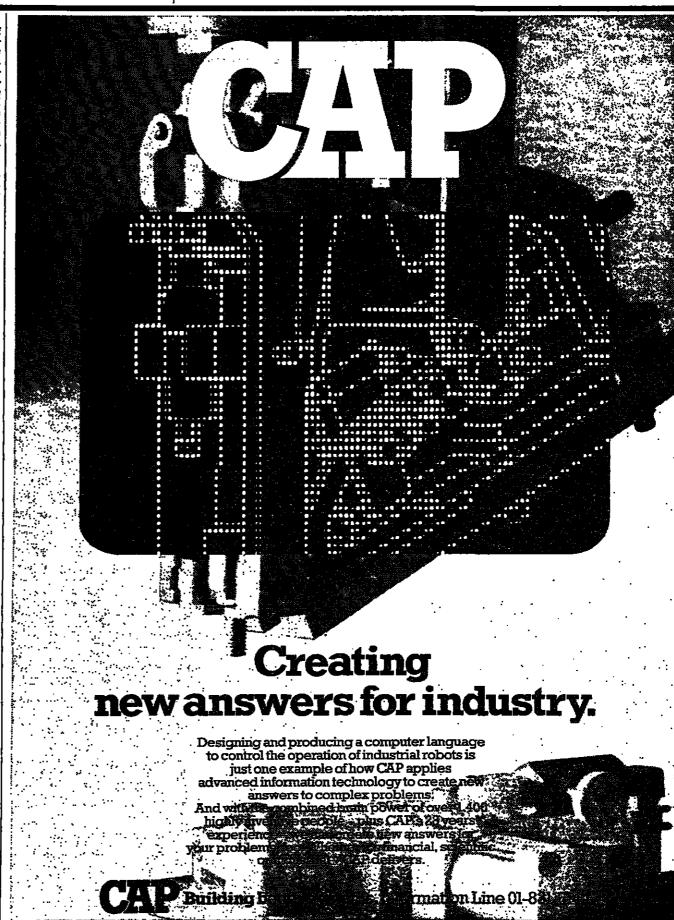
Sir Richard's ideas are clearly based on non-adaptive large bureaucratic companies. we live in an age of fast change, never has there been a greater need for a highly trained and mobile labour force. In this situation large companies are reluctant to train for the genuine fear that they will not benefit from their investment and newer, smaller and rapidly expanding com-panies do not have the current resources to train for their future needs.

If we rely on the current very

low levels of training skills in short supply will attract higher market wages, they will become even more mobile and this will further discourage the larger companies from training.
It is ironic that Sir Richard

talks about the French-style national training tax, the French borrowed that idea from the 1964 Industrial Training Act. The Industrial Training Boards and the Manpower Services Commission effectively destroyed that arrangement

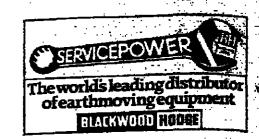
scale government intervention to produce quickly the required volume of training.



Gareth Isaac has all the details on 0633 56906.

FINANCIAL TIMES

Wednesday July 31 1985



David Marsh in Paris assesses French options for a new combat aircraft

Dassault may go solo in Euro-fighter row

THE COMPLEX tussle over the Eu- main shareholder - the next y ropean Fighter Aircraft, now at a so for Dassault promises to be a crucial stage after more than two testing time. years of negotiations, looks likely to mark a watershed in the long and illustrious fortunes of France's Dassault-Bréguet military aircraft-

During the political and industrial horse-trading over the EFA among the five countries involved – France, Britain, West Germany, Italy and Spain - Dassault has been resolutely sticking to its guns.

The Dassault view, conveyed with as much diplomacy as possible by M Charles Hernu, the Defence Minister, and the other civil servants who have taken part in the negotiations, has been that France should have a dominant technical role in the EFA because of the company's 30 years of experience in making and selling Mirage jets.

Officials in Paris have been making clear in recent months that if the other four countries were not willing to accept that condition, France would go ahead alone in constructing a combat aircraft for

With chances for a last-minute compromise fading fast, and West Germany in particular pressing for a speedy decision, it is now looking increasingly likely that Dassault's bluff will be called.

Coinciding with a number of other important decisions affecting the future of the company – of which the state owns 46 per cent but of which M Marcel Dassault, its legendary 93-year-old founder, is still the

Damascus

gives 50

to Amal

By Our Middle East Staff

AMAL, the mainstream militia of

the Shia sect in Lebanon, yesterday took delivery of up to 50 T-54 tanks

supplied by Syria in a move by

Damascus probably aimed at press-ing the Maronite Christians into

agreeing to constitutional and polit-

Although Amal, with an estimat-

ed 6,000 men under arms, is the big-gest of the Lebanese militias, it has

not hitherto possessed armour.

ed by one Amal official, who said

ago – would give the movement su-periority in tanks over the Chris-

tian Lebanese Forces, but not ne-

cessarily over the militia of the pre-

dominantly Druze Progressive So-

cialist Party.

The arrival of tanks on transpor-

ters from the Bekaa Valley, where

the Syrian Army is positioned,

caused observers some bewilder-ment. In a security plan drawn up

under Syrian auspices on July 9, leaders of armed Moslem factions

agreed to withdraw their militiamen from West Beirnt Security was left in the hands of a mixed

force composed of Lebanese army

A statement issued by the mili-

tary branch of Amal said last month that the tanks would be used

for collection of weaponry, as decreed in the latest Syrian-

It said that the mainly Shia Leba-

nese Army's 6th Brigade, which is in control of security in West Bei-

rut, was being entrusted with the tanks. The unit collaborated with Amal in the month-long battle against Palestinian fighters in the

refugee camps earlier this summer.

with a visit to Damascus by Mr Jo-seph al Hashem, Minister of

Health, who is a senior member of

tian political grouping. It was re-ported that he had been sent by

President Amin Gemayel to submit

a list of Christians who might take

part in planned talks on inter-sec-

Delivery of the tanks coincided

and police units.

sponsored plan.

tanks

Dassault has been spending several hundred millions of francs of its own money developing a delta-winged prototype fighter, called the Rafale, due to make its first test flight next May or June. The Rafale, of 8.5 tonnes basis weight, is much closer to the French air force's own operating requirements for the 1990s than the heavier air supe-riority fighter favoured by Britain

and West Germany. It will also be cheaper to build. Crucially, both Dassault and the French Defence Ministry believe a Rafale-type aircraft will be much easier to sell abroad to developing countries and smaller Nato members which have traditionally

formed Dassault's export clientele. Assuming agreement on specifi-cations and work-sharing could be reached. Dassault and the French Government would prefer collaboration to share the cost of developing a new 1990s jet. Building from its own resources the 330 aircraft France says it needs for the next decade - including 80 naval aircraft - might cost FFr 35bn (\$4bn) perhaps 10 per cent to 20 per cent more

than the cost of a joint project. As a fallback option to a five-nation EFA, the French Government has been discussing with Bonn in recent weeks the possibility of a Franco-German deal.

Growing hostility in the West in recent weeks.
German aerospace industry to Das-

teed a \$1bn to \$2bn share in the

\$26bn American star wars research

programme have been coolly re-

The new British proposals were

by Mrs Margaret Thatcher, the

British Prime Minister, and Mr Mi-chael Heseltine, the Defence Secre-

tary, in separate meetings with Mr

Caspar Weinberger, the U.S. De-

fence Secretary.
The two British ministers were

responding to an invitation issued

last March by Mr Weinberger to

EEC and other allied governments

It appears Mr Weinberger and other U.S. officials have been some-

what taken aback at the enthu-

participate in the five-year

tegic Defence Initiative (SDI)

ed in Washington last week

ceived by the U.S. Administration.

Efforts to prevent the collapse of plans to build the Eurofighter were being made in the five national capitals concerned last night without much optimism that they would succeed, writes Bridget Bloom in London. Added

urgency has been given to the last-ditch attempts by a deadline imposed by Herr Manfred Wörner, the West German defence minister, who declared that Bonn wanted a decision by the end of this month.

ure in Bonn for an extension to West Germany's well-established partnerships with either British or U.S. aircraft builders is, however, clouding the chances of a bilateral

Ronn-Paris accord. If Dassault goes it alone - possibly in co-operation with Spain - in veloping the Rafale prototype, it can count on the full support both of Snecma, the nationalised enginemaker, and the strong French

equipment and electronics industry.

M Benno-Claude Vallières, the 75-year-old long-time associate of M Dassault, who has chaired the company since 1968, likes to point out that 99.5 per cent of Dassault's latest Mirage 2000 is made in France. Fearing a loss of technological leadership to British or West Ger-

man companies, the French avionics industry in particular has been voicing its fears about collaboration

Even though a go-it-alone decisault's desire for leadership and sion would certainly win almost

British proposals on star wars

draw cool response from U.S.

The new British proposals are un-

derstood to emphasise the necessity

of such partnership, albeit on a

bilateral basis between Britain and

the U.S. The plan strives to set a fi-

nancial target of between \$1bn and

\$2bn for work that could be contrib-

uted by British companies, univers-

ities and research establishments

over about five years. It also seeks

guarantees from the U.S. of a two-

way flow of technology across the

Mrs Thatcher supports the SDI programme although Sir Geoffrey

Howe, the British Foreign Secre-

tary, has expressed strong reserva-

tions about the strategic implica-tions of deploying a defence against incoming nuclear missiles.

Mr Heseltine feels that, quite

tions, the technologies involved in

in some of those areas - notably communications, command and

control systems and software and

laser technology - and cannot, it is

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

PROPOSALS by the UK Govern- ing Europe full participation in the

ment that Britain should be guaran- research programme.

aerospace circles, it would raise a ce but forced by budgetary austerinumber of potentially serious question marks

Dassault has become a byword for technical excellence in areas such as development of advanced composite materials and computeraided design and manufacturing. The small team of dedicated Dassault-trained engineers who surround M Vallières - and who now make many of the important decisions - gives the company an esprit de corps that is probably unique in the aircraft world.

But even for a company still chalking up healthy profits – FFr 431m last year on FFr 15.7bn turnover, 69 per cent of which was exports - purely French military air-craft projects will be placing increasingly greater strain on fi-

Competition from U.S. combat aircraft makers such as McDonnell Douglas and General Dynamics, each of which have five to six times Dassault's turnover and are assured of much longer production runs, has become more muscular in recent years.

Dassault's clients in the Third World are facing financial difficult-ies. That is illustrated by the weekend news that Peru intends to scale down its order for 26 Mirage 2000s, as well as the need to resort to all barter deals to secure a recent contract from Abu Dhabi.

A slowdown in the French De-

argued, afford to be cut out of on-go-

The U.S. has apparently agreed to set up a joint working group of officials to examine the UK propos-

However, Administration offi-

cials have made no secret of Wash-

ington's strong reservations about

the British plan. Those range from anticipated Congressional opposi-

tion to giving access to high-secur-

ity research even to an ally of Brit-

ain's standing, to the "impracticali-

ty" of providing any sort of guaran-

transfer. Officials are also con-

cerned about the political influence

that full participation in SDI re-

when deployment of SDI systems

becomes possible.

That discouraging U.S. reaction seems certain to feed fears in Brit-

ain and elsewhere in Europe that

participation in the research pro-

gram might result in a brain drain and a one-way flow of technology

In London, opinion seems divided

A to Z of star wars technology, Page

westwards across the Atlantic.

s on workshares or technology

strong order book. But Dassault's policies during the 1960s and 1970s of selling fast, manoeuvrable and cheap aircraft to the Third World when it often acted as an instru ment of France's independent for eign policy stance - may turn out less successful in the future.

Dessault itself implicitly accepts the need to diversify and to put more emphasis on co-operation

With nearly 90 per cent of sales in bidding for a place in the European space business. It is competing with Aérospatiale for design leadership for Europe's planned mini-space shuttle, Hermes, planned to be launched by the Ariane rocket in the mid 1990s.

The French Government which has 55 per cent of Dassault voting shares, this summer gave M Vallières a mandate to stay on as chair-man until October 1986 - after next year's general election. The Das-sault shareholding structure might anyway change in the next few years, given the advanced age of its principal shareholder and the rightwing opposition's denationalisation

Whoever takes over the Dassa helm in November 1986 - either a top civil servant or one of M Vallières's present directors - will be presiding over a company facing greatly different challenges from the one that flourished under Presi-

Brussels to study end of coal subsidies

THE EUROPEAN Commission will today peruse long-awaited plans for the future of the EEC's coal industry, aimed at a long-term phasing out of government subsidie Technically, all financial support

to the industry was due to come to an end on December 31 this year, but such a scheme has long been abandoned as politically unaccept-

The Commission's proposals, drawn up by M Nicolas Mosar of Luxembourg, will be examined by the summer holidays. The sensitivi ty of Governments to the handling of the coal industry has already sparked rows between the Commis sion and member states.

sion and member states.

Documents leaked in May suggested that M Mosar's original plan aimed at ending all subsidies by the year 2000 and cutting back production by 15 per cent by the end of this decade, so reducing jobs from the current 435,000 to 290,000.

That is understood to be a least tender ten

That is understood to have been substantially diluted under pres-sure from the Ten.

A second controversial element in the Mosar proposals was the suggestion that the supervision of sub-sidies would be in the hands of the Commission as is the case with most industries operating outside the normal competition rules.

The British Government in particular is vigorously opposed to such a move, remaining adamant that member states themselves must retain full control over the future of their domestic industries.

Hard coal production in the EEC fell to less than 43m tonnes in the first quarter of 1985, 14 per cent down on the same period last year, but 95 per cent of the drop was directly attributed to the miners' strike in the UK.

Restraint at

For Mr Shevardnadze, however, the Belsinki Agreement had stood the test of time and had remained the foundation of peaceful coexis tence of states with different social, economic and political systems.

realities of post-war Europe and even the serious aggravation of tensions which had occurred from time to time had not killed "the roots of

The main failure of the Helsinki Agreement had been in the field of disarmament. The U.S. was respon-sible for this through its efforts "to

THE LEX COLUMN

Brain-teaser from the Professor

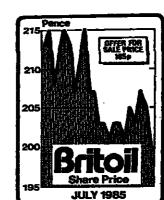
S. G. Warburg and Cazenove must be ruing the day they encouraged Professor Roland Smith to occupy the chair at House of Fraser. As advisers to Burton in its attempt to take over Debenhams, they find that their creation has develo his own ideas for the future of British retailing and, what is more, he has learned a thing or two from the best spoiler in the business about the influence that can be exerted from a minority position. After years of just responding to pricks and kicks from Lonrho, Pro Frankenstein and his colleagues now relish taking an independent

The House of Fraser intervention has made the last few days of the Burton offer into a tactical nightmare. With Fraser thought to have gone past 20 per cent yesterday, either side can probably buy another few million shares - or sell. As and should be taken. was shown by the success of Dixons' offer for Currys, the holding of a 25 per cent stake is not necessarily an insurmountable barrier. But the position is complicated on this occasion by the fact that Fraser and Debenhams have produced what looks like a a merger document in all but name.

Yesterday's proposales set out the essibilities for co-operation in purchasing, distribution and credit fi-nance. If implemented, the plan would leave store management and promotion as virtually the only areas of autonomous operation.

Apart from being designed to scuper the burton offer by offering a commercial alternative, that this is as clear a challenge as could be to the OFT's current free-and-easy approach to merger policy. Fraser/De-benhams could claim, and the marriage value of the association is arguably the greater because of the obvious similarities between the two businesses and the overlaps that could be eliminated.

If only Debenhams' shareholders were faced with a simple choice between the concept retailing offerd by Messrs Halpern and Conran and the more straightforward buying power arguments of Fraser. If Bur-ton wins, Fraser will be left with around 25 per cent, to complicate Mr Halpern's lifestyle, while if the bid lapses. Burton will be able to buy enough shares to frustrate the sary circular for the Fraser scheme. In such a tangle, the best course of action is normally the are being offered what looks a rich count for a large part of the mis- not believe their luck.



match between NatWest and the calculations of its followers, there is also room for a touch of genuine concern about the performance of the domestic banking operations. Balance-sheet growth has been restrained indeed. In the light of re-

cent UK monetary growth; to show only 5.4 per cent expansion in the sterling book is practically to admit the loss of some market share. Unless Barcleys proves to have slipped up in some equally unpre-dictable way, NatWest could find

that its shares - still at a premium yesterday - are soon pulled back into the pack.

price for their investment by Bur-After the initial Britoil debacle, it ton, and it is hard to imagine - even get and Al Fayeds permitting - that any Fraser plan could ever offer them so much. The cash is there

NatWest Bank

As far as the market is concerned, National Westminster has got the banking interim reporting season off on decidedly the wrong

Pre-tax profits of £354m are indeed 20 per cent higher than they were in the first half of 1984 but they have come in anything up to £100m below the more optin expectations. Having been lifted on to the clearing bank equivalent of a pedestal, NatWest's shares duly fell from grace, down 25p to 665p, and leaving the City feeling less rosy about the rest of the sector.

Some of the disappointments may be peculiar to NatWest. It is oil's share price has moved not a jot unlikely, for instance, that the other since the company was launched

surprises, they are in any case like-expected. ly to bury them as movements on

fair to recall that it must have been dends. They will be buying a share taking unnoticed translation profits standing at only half its estimated through the profit and loss in previnct asset value and five times this ous years. There is no case now in year's earnings. Small wonder, favour of adding back something then, that Swiss investors greedily for Australia.

Although currency may thus ac- were offered. They probably could

was clear that British financial institutions would not let Government get away with anything less than generous terms on the sale of the rest of its shares. In fact, the Government and its advisers were completely at the mercy of the City this time: the institutions knew perfectly well that the Government could not afford a double flop for

So it was no surprise that the institutions got the 10 per cent yield they had demanded, with additional sweeteners of partial payment and an extra interim dividend. To reach this yield, Lazards had to fix the new shares at a 9.8 per cent discount to a share price which had already fallen by 28p from its peak of 233p since the issue was announced By contrast, British Aerospace's shares - admittedly in a bull market - were sold at a 5.1 per cent discount to a rising share price.

At yesterday's price of 200p, Britclearers permitted themselves so much unhedged currency lending exposure – £25m translation losses its have grown by 60 per cent and its dividend by 30 per cent. Mean-books are scarcely going to be the beautiful first dividend by 30 per cent. Mean-books are scarcely going to be the cash that borrowings have vanished cash that borrowings have vanished

275

2 _ .

On any m reserves.

Although NatWest thus mours an exceptional penalty in this year of Australian depreciation, it is only cent thereafter on current divisnapped up the 10 per cent they

Japan move on trade friction

which, many observers believe, was proferred more in the hope of achieving allied political support for

SDI than in the expectation of offer-

U.S. Congress reconvenes in the au-tumn and Europe returns from its

summer break.

Mr Shintaro Abe, the Japanese that improved market access alone would not satisfy Japan's major trading partners.

In fact, the probability that Japan will face a general election within the next 12 months is bound to make the political constituency more favourable to stimulus. Some

the Phalange Party, the main Chris-Japanese officials were also at policies and simplified standards

Observers saw the provision of the T-54 tanks to Amal primarily in the context of accelerating Syrian moves to engineer or impose a new political order on Lebanon.

siasm and persistence of Mrs apart from their star wars implica-Thatcher and Mr Heseltine. The tions, the technologies involved in

proposals they have put forward go the SDI research programme are far beyond the piecemeal co-opera- vital to the development of future

tion on "pathfinder" projects origi-nally envisaged by Washington Britain is already strongly involved

Continued from Page 1

Foreign Minister, added bluntly

bureaucratic problems may have to be addressed, however.

pains to stress the lengths that had been travelled in the import action programme. Much of it had been unveiled in advance or separately as in the case of financial liberalisation - but the initial impression of proposed reforms, especially in the areas of government procurement and certification procedures, went

beyond their modest expectations.

AT&T sets up joint venture with Ricoh

The announcement represents the latest in a string of Japanese

per cent stake in AT&T Ricoh, the

BY PAUL TAYLOR IN NEW YORK AMERICAN Telephone and Tele- phone systems adapted for the Jap-

UK economy warning

ing those at the Treasury, who expect the economy to grow by about 3½ per cent this year compared with output in 1984.

The CBI's economists say that

graph (AT&T), the U.S. telecommunications group, yesterday an-nounced the formation of a new joint venture with Ricoh, the Japanese group, to market small tele-phone systems in Japan.

joint-venture agreements presented by AT&T and other U.S. telephone equipment manufacturers in recent months. The deals signal the im-portance of the huge Japanese telecommunications marketplace and the recent opportunities pre-sented by the privatisation of Nip-pon Telegraph and Telephone (NTT) on April 1 and the opening up of the Japanese market to for-

eign competition.
Under the terms of the latest deal, AT&T said it would hold a 51

output in the third quarter expected to be 2.6 per cent higher than the

level a year earlier.
On the more optimistic side, however, they say: The survey confirms the view that inflation will

moderate over the coming months."

But they add that this reflects "in-

The survey showed some evi-

tense competitive pressure."

anese market.

AT&T, which earlier this month formed Japan ENS, another jointventure agreement with Japanese companies to provide value-added network services in Japan, said the first product of the new company would be an AT&T small telephone system, called the R Series, "a multifunctional, cost-effective system with a maximum capacity of four outside lines and 10 telephone sta-

The U.S. group added that a higher-performance system, with eight-line capacity and 20 stations, was planned to be introduced soon. Both key telephone systems are aimed at small businesses without the need for higher-capacity private

branch exchange (PBX) systems. The latest joint-venture agreenew company, and would arrange a ment represents an extension of technology transfer allowing it to manufacture small business tele-Ricoh.

The July survey results suggest

Helsinki talks Continued from Page 1

It had formalised the political

implement its star wars plans by Looking forward to the summit

growth is now slowing down commore orders.

The cost of finance loomed larger as a brake on investment, but unmeetings later this year between Mr Mikhail Gorbachev, the Soviet certainty about demand was also the most common constraint along leader, with President Ronald with inadequate returns on invest-Reagan of the U.S. and President François Mitterrands of France, Mr Shevardnadze said that these disoverall some general falling off in optimism, output and orders comcussions "should result in a relaxation of the current dangerous tenpared with very buoyant levels indi- sion in the world and a turn for the cated in the last survey in April. better in European and world af-fairs."

J. Rothschild Holdings plc

"A decade of consistent growth"

31 March	Net assets £ million	Net assets per share pence	Dividends per share pence
1976	32.6	28.2	0.79
1977	39.9	34.8	0.88
1978	51.3	44.1	1.15
1979	80.2	58.1	1.45
1980	99.4	66.5	1.89
1981	122.3	76.7	2.20
1982	126.3	79.3	2.47
1983	232.4	110.1	2.91
1984	439.1	115.5	3.32
1985	543.6	125.2	4.56

"We have come through this period of exceptional change with a strong balance sheet and with the intention of concentrating all our skills on the calculated risking of capital to produce added value for our shareholders."

Jacob Rothschild - Chairman

To obtain a copy of the Report, please write to Richard Brown, J. Rothschild Holdings plc, 65 Holborn Viaduct, London EC1A 2DR.

World Weather

SECTION II - COMPANIES AND MARKETS

FINANCIALTIMES

Wednesday July 31 1985



Volatile exchange rates boost interbank lending

BY ALEXANDER NICOLL IN LONDON

lending activity by international banks could have been due to the volatility of exchange rates, the Bank for International Settlements

A \$54.8bn increase in crossborder interbank lending in the first quarter of 1985, against normal seasonal trends, more than accounted for a \$53.1ba rise in gross crossborder assets, quarterly figures from the BIS showed. The total increase compared with a \$52.2bn rise in fourth quarter 1984, and was sharply above the \$32.5bn growth of the first quarter of last year.

A possible explanation of the interbank surge the BIS said "may lie in the substantial movements of exchange rates, which may have entailed for the banks a large amount of spot covering of forward exchange operations conducted with their customers."

Such covering is normally done through borrowing or placing funds in the interbank market.

A further influence could have

been interbank operations related to the large volume of securities is-The growth of interbank lending

was actually manifested in three

March year-end; Among European banks, growth

A SHARP increase in interbank built up before their December

 Unusual growth in interbank po-sitions between offshore centre and banks in other reporting countries. The interbank growth masked a substantial deceleration in final lending, which totalled only \$10bn. Loans to countries outside the industrialised world contracted by \$2.4bn. Although the first quarter usually shows slow growth, this was the first ever quarterly decline. Cross-border lending to non banks

fell \$500m, but local foreign currency credits to non-bank residents rose \$7.6bn, mainly due to loans by banks in Britain and France. The decline in lending to nonbanks, which has been attributed to

the growing role of securities in international financial markets, was marked by a slight decline in the indebtedness of U.S. non-banks, which had strongly stimulated this business in 1984. The BIS figures revealed a sharp

increase in the roles of both the pound and the European Currency Unit (Ecn) in international banking, with the Swiss franc also showing increased popularity.

Eurosterling assets grew at a 33.3 per cent annual rate, while the rate of Ecu growth was 27.5 per cent but ● Seasonal build-ups in Japanese is included. Dollar assests account-banks balance sheets ahead of the ed for only \$8.1bn of the total \$32bn growth reported by countries giving a currency breakdown, and D-Mark

the end of March, were 152 per cent up on their year-ago level. Ecu de-posits have also been showing rapid growth, with a \$7bn rise to \$29.9bn in the first quarter. On both sides of the balance sheet, the increases have been accounted for mostly by interbank activity.

External assets of U.S. banks declined marginally, while European market centres and Japan showed strong growth.

Despite seasonal unwinding of positions, European banks' external assets showed \$26.7bn or 2.5 per cent growth, with a sharp \$9.4bn increase recorded by UK banks. Despite this, UK banks were net absorbers of funds by \$3.7bn.

"A substantial part of this net absorption of funds from abroad was used for investment in longer-term foreign securities which are not included in banks' asset figures," the

Belgian, Luxembourg and Dutch banks showed strong growth in cross-border assets, while France had a slight non-seasonal increase and Italy showed only a moderate rise which suggested a fairly strong underlying growth trend. Japanese banks had seasonally strong growth in external assets in foreign currencies, but there was a deceleration in the pace of external claims

China was a large net taker of funds in the quarter, and has reduced its net creditor position with banks by \$5.5bn to \$10bn in the last

U.S. Steel increases dividend in quarter

quarterly dividend by one fifth to 30 cents per share. The increase - the first since mid-1982 when the com-pany was forced to halve its divi-dend - is the clearest sign to date that the financial fortunes of one of the best known companies in the

Mr David M. Roderick, U.S. Steel's chairman, says: "The increase reflects the improved condition of the corporation since its return to profitability in 1984, its strong performance in the first half of 1985 and expected continued profitability in the future."

U.S. is recovering.

U.S. Steel yesterday reported second quarter net income of \$133m, or 93 cents per share on sales of \$5.1bn, compared with \$140m, or \$1.04 per share, on sales of \$4.9bn in the same period of last year.

Although the second quarter fig-ures are marginally down on last year, they are more than double the first quarter profits of \$58m.

Mr Roderick said that the second nuarter results clearly demonstrate the effectiveness of the group's continuing efforts to operate its busimore efficiently "especially in the light of the lower prices in many of the markets we serve and fewer benefits from extraordinary gains and asset sales compare with the second quarter of last

Commenting on the group's steel operations, Mr Roderick said that "despite a market characterised by Under the terms of the plan Rockefeller Group (RGI), owned by the Rockefeller family, has formed a new company, Rockefeller Center severe price competition, steel and related resources achieved an op-erating income of \$25 per ton Properties. The new company announced plans for an initial public shipped. This performance reflects offering involving 30m common shares priced at \$20 each to raise more than a 21 per cent reduction in manhours per ton shipped since the second quarter of last year and points to the importance of labour \$600m, and the sale of convertible debentures, to be offered outside efficiencies to profitability. the U.S., which are expected to raise an additional \$500m.

BI-Invest in move to block Montedison

BI-INVEST, the Milan-based prop erty and financial group which is engaged in a bitter corporate struggle over Montedison's recently-acquired controlling stake, has taken new action designed to block the chemicals group's move. It was learned yesterday that Bi-invest has paid between LSbn (\$3m) and L7bn to take a 2 per cent stake in Ferruzzi, the leading Italian sugar group, which is also a shareholder in Montedison.

The latest stockmarket operation follows BI-Invest's purchase for LAObn of 2 per cent of Montedison itself. Both actions are designed to thwart Montedison because of Italy's rules on cross-holdings. In the case of the BI-Invest acquisition of Montedison shares, this is designed to force Montedison to cede its 37 per cent stake in BI-Invest, for which it paid L240bn.

The Ferruzzi share purchase would have the effect of blocking any transfer of the BI-Invest 37 per cent stake from Montedison to Fer-ruzzi. This is a possibility as Sig Mario Schimberni, Montedison's chairman, and Sig Raoul Gardini, Ferruzzi chairman, are business allies. Ferruzzi owns just above 3 per cent of Montedison.

Meanwhile, Sig Cesare Romiti Fiat managing director, is acting as an intermediary and trying to find a solution which will save face all

Mannesmann chief dies

executive of Mannesmann, the

His death robs one of the country's top companies of a tough and forthright leader who had been in the job for just two years.

Dr Weisweiler was with Mannesmann from 1970, among other things heading the group's steel pipes division – notable not least for the big contracts it won from the Soviet Union.

ment, he succeeded Dr Egon Over-beck as chief executive in 1983. Under Dr Weisweiler's leadership, the its almost doubling last year to DM 188m (\$66.9m) on turnover close to

Turner threatens proxy campaign against CBS

was trying to raise cash for a new offer for CBS, and threatened that, if this attempt failed, he would wage a proxy battle against CBS at the U.S. broadcasting group's next

annual meeting.

The Turner threat came after the U.S. Federal Communications Commission (FCC) rejected his attempt to block CBS's proposed \$985.4m or \$150 a share stock buyback offer for 21 per cent of its stock - part of the broadcasting group's anti-takeover defences thrown up after Turner Broadcasting mode a hostile allpaper bid for CBS in mid-April. Mr Turner, responding to the FCC decision, said he would contin-

ue to pursue his takeover attempt, even if he failed to win a court injunction blocking the recapitalisa-

BY OUR NEW YORK STAFF

THE Rockefeller family has an-

nounced plans to raise \$1.1bn through a complex public share and

foreign convertible debt offering in-

volving the launching of a new com-

pany which will eventually own 60 per cent of the Rockefeller Center,

one of New York's most famous and

valuable parcels of land and office

Rockefellers plan

to raise \$1.1bn

had already hinted that it was trying to line up partners in order to raise cash for a new offer for CBS, but Mr Turner's comments were the first positive confirmation of such a move from the TBS chair-

Any new offer would replace Turner Broadcasting's existing con-troversial hostile takeover bid for CBS, comprising high-yield junk bonds with a face value of \$5.41bn, made in mid-April. Separately, Loews, the U.S. en-

tertainment, cigarette, Bulova watchmaking and insurance group, built into a mini-conglomerate by Mr Laurence Tisch, chairman, has acquired a 9.9 per cent stake in

convertible loan to the family inter

In addition, the debentures will

be convertible into 57m shares in

the new company in the year 2000. At that stage Rockefeller Center

Properties will have the option to

convert the \$1.1bn loan into a 60 per

cent interest in the Rockefeller Center, leaving the Rockefeller family with a 40 per cent stake.

The eventual sale of a majority

public interest in the Rockefeller

Center, which comprises a huge

block of land and 6.2m sq ft of

prime office and retail space in the

heart of fashionable mid-town Man-

hattan on Fifth Avenue, appears to

fy their holdings.

sts, and an attempt to diversi-

Loews disclosed the 2.95m-share

MR TED TURNER, chairman of tion plan. "If we fail in court, we stake, which it said it had acquired furner Broadcasting Systems (TBS), yesterday confirmed that he Turner said. Turner Broadcasting Exchange (SEC) filling. The group investment purposes only and CBS share buyback plan.

> Wall Street views the move as part of a complex arbitrage share trading strategy, taking advantage of complex corporate tax provi-sions, rather than the preliminary to a possible hostile takeover at-tempt. Yesterday CBS shares were trading at \$117%, up \$% on the over-

However, Loews also disclosed that during informal talks with CBS. Mr Tisch had indicated an interest in acquiring the broadcasting group. Those discussions took place after the Turner bid was tabled.

Robert Bosch streamlines Spanish units

By Our Frankfurt Correspondent ROBERT BOSCH, the West German electricals and vehicle components concern, has merged its two manufacturing companies in Spain to help to streamline operations and cut costs.

The merger forms part of a restructuring plan agreed with the Spanish trade unions and Government, involving concentration of production at fewer plants as well as closer integration into Bosch's international manufacturing net-

The new company - Fábrica Española Magnetos SA (Femsa) - will employ around 5,500 people at 11 Spanish plants, compared with a labour force of more than 5,700 employed at Bosch's two Spanish concerns last year.

represent a significant shift in strategy by the Rockefeller family Bosch notes that it has injected big, but unspecified, funds into its Spanish operations in recent years both to cover losses and to finance The proceeds of the sale will be the land under the Rockefeller Cen- a DM 250m (\$88.9m) investment used to make a \$1.1bn participating ter from Columbia University, for | programme between 1981 and 1985.

Xerox earnings advance by 35%

XEROX, the U.S. office equipment

group, yesterday reported a 35 per cent gain in second-quarter income from continuing operations, buoyed by renewed strength in its Crum and Forster insurance subsidiary. In the latest quarter Xerox which has been struggling to re-verse a sharp earnings slide last year, reported income from continuing operations of 5118m or \$1.11 a share compared with \$88m or 79 cents a share in the corresponding period a year ago. The second-quarter earnings lifted six month income from continuing operations to \$234m or \$2.19 a share from \$22m or \$2.07 in the 1984 period.

Continuing operations for both the 1985 and 1984 periods exclude operating results from the group's publishing units, which are being sold, and its Shugart computer disk-drive unit, which were discon-tinued in the 1984 fourth quarter.

In the latest second quarter \$103m income from discontinued operations made final net earnings of \$221m or \$2.17 a share, while in the six-month period \$100m in in come from these operations lifted net earnings to \$334m or \$2.07.

Revenues from Xerox's continu ing reprographics and information systems business in the quarter in creased by 3 per cent to \$2.14br from \$2.08bn and by a modest 1.5 per cent to \$4.08bn from \$4.02bn in the six-month period.

The company said second-quarte income from its continuing reprographics and informations systems business increased by 9 per cent to \$102m against \$94m a year earlier.

Income from the group's financial services division, comprising Crum and Forster, Xerox Credit and Van Kampen Merritt, rose to \$28m from \$5m in the year-earlier quarter and from \$38m to \$48m in the first half. The gain was spurred by a turn round in the insurance business but Xerox noted Crum and For-

ster's second-quarter and first-half operating results were adversely affected by the need to increase reserves to cover higher estimated costs to settle outstanding claims.

July 1985

Changing pattern of Euromarket usage A BUILD-UP in official holdings of deposits in the Euromarkets, and on banks of debt problems which

currency's appreciation last year, according to a study by the Bank for International Settlements (BIS).

The analysis, published today

this process. In the late 1970s, the weakness of the dollar was reinid international political tensions, forced by a build-up of non-dollar as well as concern about the effect

Eurocurrency deposits in curren-cies other than the dollar exerted a the Euromarkets to take advantage by a shift of dollars from the U.S. to moderating influence over the U.S. of interest rate differentials between the two market places.

however, there was a switch of reserves away from the Euromarkets which contributed to with quarterly banking statistics, showed that the changing use of the "Part of the contraction in official U.S. rather than in the Eurodollar The BIS sketched three phases of market," it said. This probably re-

From late 1980 until mid-1983.

emerged in 1982. The "flight to quality" resulted in large increases in holdings of U.S.

Treasury securities. Between mid-1983 and the end of

1984, there was renewed growth in both dollar and non-dollar Euroments by non-Opec developing countries, a halt in a decline of cial foreign exchange reserves has had a series of differing effects on stitutions for holding dollars in the part of pean Monetary System. Increased access to the Japanese market also appeared to have contributed, the BIS said.

These moves put a brake on the dollar's strength, it concluded.

UK interest rate cut prompts ICI to launch £75m bond

BY MAGGIE URRY IN LONDON

took advantage of the cuts in UK in- points. terest rates to launch a £75m Euro-

rity and pays a coupon of 10% per spring, cent. Issue price is 100% and fees total 2 per cent - unusual for this maturity - giving ICI a cost of borrowing just under the yield on UK gov-ernment bond issues. The proceeds will be used for general corporate purposes. The deal is led by J. Henry Schroder Wagg with S. G. Warburg as co-lead. The bonds were trading within the fees yesterday

The Eurodollar bond market remained in the doldrums yesterday ahead of the U.S. Treasury refunding announcement. Prices slipped by up to 1/4 point.

Kobe Steel of Japan was keen to make a successful issue and priced a \$50m live year deal with a 10% per cent coupon and par issue price. The book-runner is Chase Manhat-

The terms looked generous given bonds freely, since they are issued from Japan and the bonds were trading within a % point of the issue

Credit Suisse First Boston launched a \$30m floating rate note for Sundsvallsbanken, the Swedish bank, as part of a \$130m package. Terms were set at a seven year maturity with interest set a % per cent above six month London inter-

IMPERIAL Chemical Industries bank bid rate, Fees total 25 basis

Syndicate managers are already sterling bond yesterday. Demand beginning to look for mandates for sterling denominated bonds has from Japanese companies to issue been boosted by hopes that the currency will continue to make gains.

Euroyen floating rate notes once rency will continue to make gains. ICTs deal has a seven year matn- nese authorities is obtained next

The Bundesbank, West Germany's central bank, announced that eight D-Mark Eurobond issues are expected to be launched in Auare expected to be launched in August with a total value of DM 1.505bn. Only one of the issues will be a floating rate note, a DM 500m deal for Belgium to be led by CSFB-Effectenbank. The other seven issues will be fixed rate deals. Finland and Osterreichische Kontrolland are believed to be among the bank are believed to be among the

No new issues were launched yesterday although DM 400m of the DM 183bn of issues expected in July has still not appeared. It is thought that at least one issue has been postponed.

Prices were little changed in quiet trading yesterday, though the falling New York market is beginning to have a dampening effect on the D-Mark market.

government and mortgage paper giving the bonds a triple A credit rating. These types of issues were first launched in the Eurodollar bond market early in 1984 and have

performed better than other un-col-lateralised issues.

Terms were fixed at a 51/2 per cent compon and par issue price for a 10year life. The proceeds are being swapped into fixed rate dollars. Coleads on the deal are Goldman Sachs and Manufacturers Hanover

SBC launched a SwFr 300m issue for the World Bank in two tranches. The first a SwFr 100m 10-year deal has an indicated yield of 5% per cent and the other a SwFr 260m 20year deal has a yield indicated at 6

Chrysler Finance launched a Swfr 103m seven year issue led by SBC, which is also a swap into dollars. Terms were fixed at a 5% per cent coupon and 100% issue price for the private placement.

Swiss franc foreign bonds were unchanged on average yesterday. In the afternoon the banks cut their time deposit rates from 4½ per cent to 4% per cent for 3 to 12 month money but the news came too late to help the market.

The World Bank launched a 12year public issue on the Dutch do-mestic bond market raising FI In the Swiss franc foreign bond market Soditic has introduced the idea of collateralised bonds, bringing a SwFr 100m public issue for Glendale Federal Savings and Loan. The bonds will be backed by year private placement pays a 74 year part control and issue price at 100%. On the Euroguilder market Thyssen, the German company, launched a FI 50m issue also led by ABN. The five year private placement pays a 74 year part control and is issued at 100 per pays and the control and per cent coupon and is issued at

UK groups arrange loan facilities

BY OUR EUROMARKETS STAFF

MARKS & Spencer, the UK retailer, is arranging a £75m (\$106.5m) bankers acceptances and advances facility to back the credit-card operations of its subsidiary, St Michael

Financial Services. N. M. Rothschild is leading the ings will be made through the ten- cern, has also had its backstop ele-

der panel system.

Separately, another facility for a
UK borrower has been increased by 50 per cent to \$300m after a strong response in syndication. The seven-Citicorp for Grand Metropolitan.

ment raised from \$100m to \$150m. The Italian tyre group Pirelli, which recently tapped the Euro-bond market for a three-tranche \$150m issue in three currencies, is group has flourished, with net profyear multiple option facility, led by also arranging a £50m revolving ac-Citicorp for Grand Metropolitan, ceptance facility with a one-year one-year facility, from which draw- the hotels, leisure and catering con- maturity and a maximum accept. DM 16bn. It is not yet clear who will

By Jonathan Carr in Frankfurt DR FRANZ Josef Weisweiler, chief West German engineering concern, died yesterday after a brief illness. He was aged 57.

After serving as board member responsible for technical develop-

All these securities having been sold, this announcement appears as a matter of record only.

KYUSHU ELECTRIC POWER CO., INC.

ECU 60,000,000

9 per cent. Notes 1990/1991

Issue Price 100 per cent.

The Nikko Securities Co., (Europe) Ltd.

First Chicago Limited

Generale Bank

Société Générale

Algemene Bank Nederland N.V. **Banque Paribas Capital Markets** Dresdner Bank Aktiengesellschaft Kleinwort, Benson Limited Nippon European Bank S.A. Orion Royal Bank Limited Sumitomo Finance International S. G. Warburg & Co. Ltd.

Banque Bruxelles Lambert S.A. Daiwa Europe Limited **IBJ** International Limited **Morgan Guaranty Ltd** Nomura International Limited J. Henry Schroder Wagg & Co. Limited **Swiss Bank Corporation International Limited** Yamaichi International (Europe) Limited These securities having been sold publicly, this announcement appears as a matter

New issue

July 1985



Metallgesellschaft Canada **Investments Limited**

\$50,000,000 (Cdn.) (2.000.000 Shares)

Floating Rate Cumulative Redeemable Retractable Class B Preferred Shares Series 1

Price: \$25 (Canadian) per share

Burns Fry Limited

Wood Gundy Inc.

All these securities having been sold, this announcement appears as a matter of record only.

N B BANK

Nederlandsche Middenstandsbank nv

(Incorporated with limited liability in The Netherlands with its corporate seat in Amsterdam)

--------U.S.\$100,000,000--

Floating Rate Notes due 1992

Arab Banking Corporation (ABC)

Nederlandsche Middenstandsbank ny

Chase Manhattan Capital Markets Group

Banque Indosuez

Daiwa Europe Limited

Crédit Commercial de France Fuji International Finance Limited

EF Hutton & Company (London) Ltd.

Kredietbank International Group

Kyowa Bank Nederland N.V.

Privatbanken A/S

Saudi International Bank Al-Bank Al-Saudi Al-Alami Limited Swiss Bank Corporation International Limited

Takugin International Bank (Europe) S.A.

Yamaichi International (Europe) Limited

J. Henry Schroder Wagg & Co. Limited Yasuda Trust Europe Limited

BTR plc

has acquired

87% of the ordinary shares and 97% of the preference shares

Dunlop Holdings plc

The undersigned acted as United States financial advisors to BTR plc in this transaction and as co-dealer managers of its ADR purchase program.

Lazard Frères & Co.

Morgan Grenfell Incorporated

INT. COMPANIES and FINANCE

Takeover defence costs hit Unocal

By William Hall in New York UNOCAL, the U.S. West Coast oil group, suffered a 35 per cent fall in earnings to \$120.4m in the second quarter, primarily due to the costs incurred in the successful defence against Mr T. Boone Pickens, the corporate raider who tried to take the company over earlier this year. Mr Fred Hartley, Unocal's chair-man, said \$60m of the earnings de-

cline was due to higher expenses incurred in the takeover fight and higher interest charges to service Unocal's long-term debt, which it took on following its share buyback. The latest profits compare with \$185.7m or \$107 a share last time, and take the six-month total to \$301m or \$1.89 against \$365.8m or \$2.11. Revenues in the quarter were

Mr Hartley said: "To service our new debt, we will slow down some investments and become ever sharper in our operations and incash flow, however, will enable us

S2.9bn against S3bn.

The company's operating earnings remain strong, he said, due to increased geothermal energy pro-

Tosco, the big independent refiner which has been facing serious financial problems, reported a sharp profit improvement with second quarter earnings of \$18.8m or 77 cents per share, compared with \$1.5m or 4 cents per share, in the same period last year. The company says that its margins have improved because of the larger percentage of higher-valued unk produced during quarter.

N. AMERICAN QUARTERLIES

BROWNERO-FERRIS ER Waste disposal	DÜŞTRAL	<u>-</u>
Third quarter 1	984-83 1	963-54
Het profits	299.5m 31.3m 6.89	259.2m 25.1m 0.73
Revenue	834.6m 20.5m 2.51	723,4cm 64.3cm 1,86
CUMMENTS ENGINEE Dissel engines for her	ny trecki	
Second quarter	1985	1984
Restacion	551.4m	590.1m

Herenze Het profits Het per share Siz mooths Reverse Het profits Not per share	\$ \$51.4m 13.9m 1.46 1.12be 43.3m 4.54	\$ 509.1m 45.4m 4,78 1.17bn 83.8m 8.81
DUPONT CANADA Chemicals		
Second quarter	1986 C\$ 315.2m	1984 C\$ 312m
Net profits	892,500	15.6m
Net per share Six months	0.06	0.99
Reverse	603.9m	808.7m
Net profits	6.3m	27.5m

Six months Revenue Het profits Het per shere	603.9m 6.3m 6.40	808.7m 27.5m 1.74
ENGELHARD CORP Precious metals refin	or minera	-
Second quester,	1985	1984
Revenue	479.80	805m
Net profits	70.3m	18.4m
Het per chare Six months	0.38	0.66
Revenue	1,05bn	1.250n
Not profits	22	2.8m
liei nee aheen	0.00	0 10

ELECTRONIC DATA ST Information systems	STEMS	
Second quarter	1985	198
Revenue	755.2m	224.4
Net profits	42.5m	18.5
Het per E' chere Six mostite	0.67	•
Revenue	1.44ba	427.7

* Subaldieries of General Motors		
R. R. DONNELLEY & S Largest U.S. commerce	CNS iei printo	
Second quarter	1985	191
Het profits	456.8m <u>32.9</u> m 0.86	417.9 30.3 9.

Not per share	1.54	1.40
SONAT Pipelines, oil and gas	explorati	
Second quarter	1985	1964
Revenue	522.5m	576.4m
Net proffis	25.7m	53.6m
Not per share	0.63	1.33
Revenue	1.37ba	1.42bn
Not profits	75m	117.8m
Not per share	1.85	291

KANSALLIS-OSA KE-PANKKI USS100,000,000 Floating Rate Capital Notes 1992

In accordance with the pro-visions of the Notes, notice is hereby given that the Rate of interest for the next interest Interest for the next interest Period has been fixed at 8½ per cent per annum. The Coupon amount will be US\$226.04 for the US\$5,000 denomination and US\$11,302.08 for the US\$250,000 denomination and will be payable on 3rd February, 1986 against the surrender of Coupon No. 4 Coupon No. 4.

Agent Bank

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate arcondary market exists. The

following are closing prices for July 30.

1			
۰	DEUTSCHE MARK		Change on
ď	STRUGNTS	bessel	Bid Offer day meet Yield
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ı	Baster Travenol 7's 94	200	10234 10312 + 63s + 1 625
	Copenhagen 73 95	159	70612 10114 - 914 - 914 7.23
	Credit National 8ta 94	200	10574 10614 - 014 - 014 7.19
į	Depussa int Fin 712 94	106	104's 105's + 5's + 17a S.EE
1	ELB 74 94	300	101 14 102 - 81s - 01a 7.00
ı	Escon 8 92	150	\$45a \$65a - 85a - 25a \$.21
	Ferrowe Dello Stato 8 91	100	1035a 1043a + 81a + 812 7.17
.	Finland Republic 7 92	200	100% 191 12 0 + D14 6.77
	Gould Int Fin 7% 91	100	104 10434 - 01s + 034 5.68
	ireland Bis 92	150	1055g 1083g + 81g + 05g 6.98
ı	Japan Fin Com 7% 91	100	1834 1842 + 94 - 43 6.75
	Mczubskii Hvy 31, 89WW	300	1250s 1301s - 512 + 23s -3.86
	Mr. Subshi Hvy 31- 89XW	306	907a 915a - 81a - 614 6.23
	Missubeta Met 31s 89WW	100	10112 18214 + 014 - 214 2.86
1	Mitseatesh Met 31a B9XW	100	28'- 29'4 + 0'- + 0's EDE
	Pepsico O/S Fin 714 94	250	1017s 104's - 0's + 0's 6.65
	Quebac Hydro 7's 95	200	1011, 102 - 49, - 01, 1.35
	Rente 73, 95	700	1927, 1934, + 81, + 81, 7.38
	Resown 3's 90	50	19912 11614 - 64 + 312 1.65
	Societe Cent Nuclear 8 91	10Ô	10812 19714 + Q1s + 1 836
	Sth African Tran 7% 92	700	224 25 + 914 - 3 2.04
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This annauncement complies with the requirements of the Council of The Stock Exchange. not constitute an offer of, or incutation to the public to subscribe for or to purchase, any securities.

General Motors Acceptance Corporation

A\$35,000,000

12% per cent. Notes 1988

Issue Price 100% per cent.

The following have agreed to subscribe or procure subscribers for the Notes:

Hambros Bank Limited

Banque Bruxelles Lambert S.A. Swiss Bank Corporation International Limited

Algemene Bank Nederland N.V. Commonwealth Bank of Australia

Commerzbank Aktiengesellschaft Creditanstalt-Bankverein

Crédit Commercial de France **IBJ** International Limited

Dreedner Bank Aktiengesellschaft Kredietbank N.V.

Merrill Lynch International & Co. **Orion Royal Bank Limited**

Morgan Stanley International Union Bank of Switzerland (Securities) Limited

S.G. Warburg & Co. Ltd.

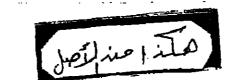
Application has been made for the Notes, in bearer form in the denomination of AS1,000 each, constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Note. Interest will be payable annually in arrears on 2nd September, the first payment being made on 2nd September, 1986.

Listing particulars relating to the Notes and the Company are available in the statistical services of Extel Statistical Services Limited. Copies may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorion Street, London EC2, up to and including 2nd August, 1985 or during usual business hours on any weekday (Saturdays excepted) at the addresses shown below up to and including 14th August, 1985;—

Hambros Bank Limited, 41 Bishopegate. Loudon EC2P 2AA

Cazenove & Co., 12 Tokenhouse Yard. London EC2R TAN 31st July, 1985

Chemical Bank, 180 Strand. London WTZR 15T



INTL. COMPANIES & FINANCE

MTU gears up research to prepare for the era after Tornado

MTU, the West German engine in industrial and aviation maker, is becoming more confident about filling the gap in the aero-engine side of its business of the property of the structure and the aero-engine side of its business of the structure and the aero-engine side of its business of the structure and the aero-engine side of its business of the structure and the struct ness as it faces the prospect of orders for Tornado fighter aircraft engines running out pool some of their engine operatowards the end of the decade. engine group, which joined forces with Daimler-Benz to

towards the end of the decade.

For some years this has been a central preoccupation at MTU, which is now part of the Daimler-Benz car and truck concern.

MTU is pressing ahead with efforts to build up the civil engine side of its Munich-based aero-engine business to help narrow the gap in post-Tornado operations. It is encouraged by signs of an uplift in the civil market, even though international competition is intense.

tions in the MTU group in 1969.

The other 16.2 per cent of the Friedrichshafen operations is still held by small shareholders. In operations is still held by small shareholders. In this pressing ahead with efforts to build up the civil engine and aviation development in West Germany.

With MAN agreeing early this year to sell out, Daimler-Benz hopes benefits could flow from one part of the group to another. In research, Daimler-Benz hopes benefits could flow from one part of the group to another. In the MTU.

Benz have been looking at possi-bilities of mutual benefit. They compared with DM 11.1m in have been considering, for 1983. Sales revenue edged down instance, whether some engines to DM 2.15bn from DM 2.15bn produced by Daimler-Benz for vehicles could be adapted by MTU for use as marine or stationary industrial engines.



Production of the Tornado RB 199 engine makes up about 70 per cent of work at MTU's

mann, who was shot dead by intruders at his home near Munich in February. Police

deputy chief executive to take shafen for ships, certain heavy vehicles and industrial uses—
MTU still faces a difficult world market, which is suffering from weak demand and overcapacity. In addition the company is coming to terms with two major events which brought it into the assassination of Dr Ernst Zimmermann, its chief executive to take over the top job, cautiously stresses that he expects no dramatic change as a result of the Daimler-Benz move.

Daimler-Benz move.

Daimler-Benz move.

Daimler-Benz move wisory boards overseeing MTU and Dornier. As expected, Dr Werner Niefer, has taken over wisory board.

Dr Niefer played a major role in the formation and running of MTU before becoming a mentive, and a change in its ownership.

The company is still numbed by the murder of Dr Zimmer-ship.

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The company is still numbed by the murder of Dr Zimmer-ship.

The company is the tief executive to take expects no the supervisory boards overseeing MTU and Dornier. As expected, Dr Niefer played a major role in the formation and running of MTU before becoming a mention that supervisory role in MTU and Dornier, the light air visory board.

The company is the tief the civil area of the kind of aircraft needed.

The company is the c with Daimler-Benz. As a result, member responsible for its

With signs of improvement in the civil aviation market, civil work made up 20 per cent of MTU's aero-engine business last year, compared with 16.3 per cent in 1983. Civil work is expected to account for nearly 50 per cent of a reduced

decade. decade.
Production of the Tornado RB
199 engine — a project in which
MTU has co-operated with RollsRoyce of the UK and Fiat of
Italy — makes up about 70 per
cent of work at MTU's factory on the outskirts of Munich. Other military work includes

engines.
The aero-engine business has been running at full strength, with the Munich factory runwith the authors rather rather at the rather rather at the first shift in some operations to keep pace with demand.

Part of the improvement in civil engine prospects lies with the V2500 engine developed in co-operation with Pratt and Whitney, Rolls-Royce, Japanese Aero-Engines Corporation and Flat. The V2500 engine is re-ceiving an impetus as a result of orders by airlines, including West Germany's Lufthansa, for

the European Airbus A320 air-

Executives point out that In the other major branch of its business—production of diesel engines at Friedrich-shafen for ships, certain heavy vehicles and industrial uses—stresses that he expects no MTU still faces a difficult world with the other major branch of the other major branch of the position of here might have implications for duces spin-off technological both aero-engine and vehicle engines. Research co-ordination the Tornado engine project, produced by the capture of the position of duces spin-off technological benefits in the civil engine area.

This is one reason why Dr Dinger argues for retrieving that major branch out that military engine work, such as the Tornado engine project, produces spin-off technological benefits in the civil engine area.

This is one reason why Dr Dinger argues for retrieving that major branch of the business.

Leopard 2 tank.
The marine market, which is Minich in February. Police with Daimler-Benz. As a result, member responsible for its there should be greater scope worldwide subsidiaries, Herrich is characterised by relatively small-scale orders, remains plex."

Dr Dinger says that there is Hoering, the car group's reported by pressing the car group's reported by relatively small-scale orders, remains in plan for altering the range search expert and Dr Manfred developing countries pressing for countertrade deals as a means of financing business.

U.S.\$200,000,000



Rockwell International

9% per cent. Notes due 1990 **Rockwell International Corporation**

Issue Price 993/8 per cent.

Union Bank of Switzerland (Securities) Limited BankAmerica Capital Markets Group Banque Bruxelles Lambert S.A. County Bank Limited Crédit Commercial de France Crédit Lyonnais Deutsche Bank Aktiengesellschaft Generale Bank Genossenschaftliche Zentralbank AG-Vienna Goldman Sachs International Corp. E F Hutton & Company (London) Ltd IBJ International Limited Istituto Bancario San Paolo di Torino Merrill Lynch Capital Markets Kleinwort, Beason Limited Morgan Stanley International Nomera International Limited Orion Royal Bank Limited Salomon Brothers International Limited Svenska Handelsbanken Group Swiss Bank Corporation International Limited Yamaichi International (Europe) Limited

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All these securities having been sold, this announcement appears as a matter of record only.



AKTIEBOLAGET SVENSK EXPORTKREDIT

Japanese Yen 13,500,000,000 **Zero Coupon Bonds Due 1990**

ISSUE PRICE 73.261 PER CENT.

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Algemene Bank Nederland N.V. BankAmerica Capital Markets Group Banque Bruxelles Lambert S.A. **Barclays Merchant Bank Limited** Citicorp Investment Bank Limited Enskilda Securities IBJ International Limited Krediethank International Group Merrill Lynch Capital Markets Nippon Credit International (Hong Kong) Limited Post- och Kreditbanken, PKbanken Sparebanken Oslo Akershus Swiss Bank Corporation International Limited

Bank of Tokyo International Limited **Bankers Trust International Limited Banque Paribas Capital Markets** Bayerische Hypotheken- und Wechsel-Bank AG **Daiwa Europe Limited** Generale Bank Kleinwort, Benson Limited LTCB International Limited **Morgan Stanley International** Nomura International Limited N. M. Rothschild & Sons Limited

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New Issue / July, 1985



Atlantic Richfield Company

\$500,000,000

10%% Notes Due 1995

\$1,000,000,000

\$500,000,000

10%% Debentures Due 2005

Salomon Brothers Inc

The First Boston Corporation

Goldman, Sachs & Co. PaineWebber

Merrill Lynch Capital Markets

Morgan Stanley & Co. Shearson Lehman Brothers Inc.

ABD Securities Corporation

Bear, Stearns & Co. Alex. Brown & Sons

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Drexel Burnham Lambert

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Lazard Frères & Co.

Swiss Bank Corporation International

L. F. Rothschild, Unterberg, Towbin

Smith Barney, Harris Upham & Co.

UBS Securities Inc.

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The Nikko Securities Co.

Nomura Securities International, Inc.

Daiwa Securities America Inc. Yamaichi International (America), Inc.

INTL: COMPANIES & FINANCE

Doubts on Daim's efforts to bolster share prices

ponder whether the current mercial banks statutory resultish trend generated by the active intervention of Mr Daim interest rates last month. Zainuddin, the country's increasingly influential Finance Minister, could be sustained.

The Kerl Language State For a state of feetings and feetings all of feetings are could be sustained.

The Kuala Lumpur Stock Ex-change Industrial Index, which fell to a 30-month low of 455 points in mid-July, rose strongly to 498 last Friday on active trading, following Mr Daim's exhartation to the country's leading bankers and corporate chiefs to buy strongly into the

market to prop it up.

Volume traded on the KLSE last week surged to 103.7m shares, valued at 177m ringit fus.7m shares, valued at 177m ringit fus.572.5m)—a record since the 1981 boom—as government financial institutions, such as the Employees Provident Fund, and Permodalan Nasional, the national investment agency, bought heavily in the market. There was, however, strong evidence of profit taking by

Singapore and overseas inves-tors, and this was reflected on Monday when the KLSE Index remained unchanged at 498 on turnover of 15.5m shares. Since he took over the finance portfolio last July, Mr Daim has worked hard to revive the RISE. The measures he has taken so far include: a sharp cut in individual income tax in last October's budget; an order to commercial banks to lend more money for share pur-chases last December: bringing the Capital Issue Committee, the watchdog of the securities industry, under his direct

MALAYSIA'S depressed stock control in January; a freeze on Minister, "There is no intrinsic market is moving into a crucial all new public listings in stage, as investors and analysts February; the lowering of com-ponder whether the current mercial banks statutory reserves in April; and the lowering of

He has also announced major changes to attract foreign investments, including allowing foreigners to retain 51 per cent equity control of joint ventures on easy terms, and a review of the cumbersome rules of the Industrial Co-ordination Act. Bankers and share analysts in

Kuala Lumpur are of two minds as to whether his efforts will work. They are unanimous however that Mr Daim is best

equipped to do the job since he was a very successful businessman and stock market operator before joining the government. "I don't think Daimism will work in the longer term," says one analyst, referring to the measures taken by the Finance

confidence in the market, and it cannot be sustained by artificial manipulation. The KLSE has remained depressed because of poor fundamentals. The of poor fundamentals. The Malaysian economy and political situation A merchant banker said only Malaysian Government-control-led financial institutions, such as the Employees Provident Fund, have the resources to

Fund, have the resources to invest on a large scale.

Another merchant banker feels that if Mr Daim can sustain the raily for a few weeks, there is a good chance of a stock market revival — huying confidence would be built up and would generate its own momentum.

momentum. He said Mr Daim had obviously been given a free hand by Dr Mahathir Mohamad. the Prime Minister, to revive the stock market and further



to revive the KLSE

stock-boosting measures can be

There is still much conjec-ture as to why the Maleysian Government is so keen to prop up the stock market.

Mr Daim said the current de-pressed market did not reflect the basic strength of the Malay-sian economy, and the Govern-ment was concerned that the continued decline of the KLSE would affect local and foreign investors' confidence in the construction. investors'

It is also possible that the Government is stepping in to help out the numerous businessmen, including some prominent names, who have landed themselves in serious difficulties that the testion to account hards and the serious difficulties to the serious described to the ties trying to service bank loans used to buy shares and property whose values have taken a plunge.

The Malysian Government is also thinking of the general election early next year. A re-vived stock market means its election machinery would be well lubricated with financial

Malaysian bids called off

THE FAILURE of two takeover bids—one hostile and the other friendly—has cast a pale of uncertainty over mergers in Malaysia, and has mergers in manaysia, and mas increased pressure for a speedy introduction of the proposed takeover code and takeover panel, writes Wong

Sulong. In the past, Malaysian companies embarking on take-overs would make their bids and then seek approval from the Capital Issues Committee, the government watchdog. However, last month, the Kuala Lumpur High Court ruled that CIC approval must precede any hid. The decision settled a hotly contested share exchange after by HBF holdings for

Emter Corporation. This has now been called off. Yesterday, Raleigh Cycles. Yesterday, Raieigh Cycles, the property and manufacturing campany controlled by the family of Mr Daim Zaimuddin, called off a friendly hid far Cold Storage Malaysis because it had been unable to get CIC approval. The decision to call off the bid is seen as a setback to Mr Daim.

Bridgestone profit tops forecast

BRIDGESTONE. Japan's largest shipments of tyres for new cars, of Y7.34bn for the year to tyre maker, with 50 per cent of reflecting increased car exports March, against Y13.43bn, on the domestic market, has to the U.S. and China. Exports turnover of Y835.78bn, against reported larger than expected accounted for 32 per cent of Y780.75bn. reported larger than expected parent company pre-tax profits turnover, up 7 per cent. of Y21.12bn (\$88.7m), up 15 For the full year, Bridgestone of Y21.120n (888.7m), up 15 per cent, in the half year to June 30. Net profits were Y9.53bn, up 13 per cent on sales of Y288.94bn, up 8.7 per cent. The rise was ascribed to profit improvements in the export division, stemming from the year's depreciation from the peris depreciation from

accounted for 32 per cent of

expects pre-tax profits to expand by 16 per cent to Y44bn, Y4bn more than the original projec-tion. Net profits are forecast at Y20bn, and turnover at Y600,000bn, up 11 per cent. The annual dividend will be held at

It also announced it is buying from Texaco of the U.S.
three 235,000 DWT tankers for
Y10bn, with six- to nine-year
loading contracts attached with
Mitsubishi Oil.

Tanker owners are keen to 30 per cent by the government-secure long-term charter con-tracts with oil companies, and NYK's purchase is regarded as The bank will provide corthe yen's depreciation, lower Y10 per share.

NYK's purchase is regarded as raw materials prices and more Mippon Yusen, Japan's a good bargain since it has effective management.

Higher sales came from brisk reported consolidated net profits guarantees.

Hill Samuel in NZ venture

By Dai Hayward in Wellington HILL SAMUEL New Zealand, the merchant bank has joined Francis, Allison, Symes and Company, a leading New Zealand stock broker, to set up an investment bank to be known as Fas Macquarie.

The bank will be 70 per cent owned by Macquarie Bank, Hill Samuels' Australian arm—and 30 per cent by the government.

porate advice, fixed interest market services, and local gov-eroment services.

Stock market restrictions start to bite in Bombay

BY R. C. MURTHY IN BOMBAY

SHARE VALUES on the per cent to a record 555.7 points Bombay Stock Exchange have within a week before restrictions dropped by more than five per tions were imposed on July 23. measures to curb speculation India's stock markets have cent over the past week as have started to bite. The daily turn-over in shares of the 55 most actively traded companies plummeted to less than a third from Rs120m (\$10m) before an unprecedented 40 per cent margin was imposed.

The BSE asked brokers to deposit in cash at the end of the day 40 per cent of their daily turnover in shares of all daily turnover in shares of all companies traded. Shares of more than 1,650 companies are listed on BSE, India's largest and most active share market.

The restriction followed a purst of speculative fervour since mid-July which lifted share prices to dizzy heights. The Bombay share price index at the behaviour of the market of the Economic Times. India's and plans to relax the restrictions are necessary," gays Mr Dalal, to prevent the stock markets from overheating and driving away investors. The BSE governing share prices to dizzy heights.

16 when Mr Rajiv Gandhi's government presented its first budget, cutting corporate and personal taxation and liberalising investment norms, Specula-tors have found the stock markets more attractive than commodity and bullion markets.

"Money is flowin (into the stock market) like water," says Mr Arvind Dalal, a prominent

of the Economic Times, India's and plans to relax the main newspaper, soared 11.7 tions at the week-end. and plans to relax the restric-

U.S \$30,000,000



The Industrial Bank of Japan, Limited London

Floating Rate London-Dollar Negotiable Certificates of Deposit due 30th January, 1987

In accordance with the provisions of the Certificates, notice is hereby given that for the six month Interest Period from 31st July, 1985 to 31st January, 1986 the Certificates will carry an Interest Rate of 874% per annum. The relevant Interest Payment Date will be 31st January, 1986.

Credit Suisse First Boston Limited Agent Bank

This announcement appears as a matter of record only.

Merrill Lynch Capital Markets

Olivetti International S.A.

SFr. 100,000,000 5\% 1985-1995

guaranteed as to principal and interest by

olivetti

Ing. C. Olivetti & C., S.p.A.

Morgan Guaranty (Switzerland) Ltd

All of these securities having been sold, this announcement appears as a matter of record only.

\$100,000,000

McDonald's Corporation

10%% Debentures Due July 15, 2015

CRÉDIT COMMERCIAL DE FRANCE (SUISSE) S.A.

Banque Bruxelles Lambert (Suisse) S.A.

Société Générale Alsacienne de Banque

THE ROYAL BANK OF CANADA (SUISSE)

COMPAGNIE DE BANQUE ET

D'INVESTISSEMENTS, CBI

SAMUEL MONTAGU (SUISSE) S.A.

BANCA COMMERCIALE ITALIANA

KREDIETBANK (Suisse) S.A.

BANK HEUSSER & CIE. AG

BHF-BANK (SCHWEIZ) AG

June 1985

PaineWebber

Salomon Brothers Inc

NEW ISSUE

DRESDNER BANK (SCHWEIZ) AG

J. HENRY SCHRODER BANK AG

July, 1985

Morgan Stanley&Co.

July, 1985

ZORZAN INVESTMENTS LIMITED (incorporated with limited liability in Hong Kong)

U.S.\$30,000,000

11½ per cent. Guaranteed Notes Due 1988 Unconditionally and irrevocably guaranteed by

Brierley Investments Limited (incorporated with limited liability in New Zealand)

Private Placement arranged by

Simon & Coates

funds provided by Rudolf Wolff Financial Services Limited

US\$250,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE JANUARY 1997

> CITICORP BANKING CORPORATION

(Incorporated in the State of Delaware) ditionally guaranteed on a subordinated basis by

CITICORP

Notice is hereby given that the rate of Interest has been fixed at 83% and that the interest payable on the relevant Interest Payment Date October 31, 1985 against Coupon No. 3 in respect of US\$10,000 nominal of the Notes will be US\$214.03.

July 31, 1985, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANC

US\$400,000,000 GUARANTEED FLOATING RATE SUBORDINATED CAPITAL NOTES DUE OCTOBER 1996 CITICORP BANKING

CORPORATION

itionally guaranteed on a subordinated basis by CITICORPO

Notice is hereby given that the rate of interest has been fixed at 83% and that the interest payable on the relevant interest Payment Date October 31, 1985 against Coupon No. 4 in respect of US\$10,000 nominal of the Notes will be US\$214.03.

July 31, 1985, London By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANCO** This announcement appears as a matter of record only

NEW ISSUE

July 5, 1985

4,200,000 Shares of Common Stock

Tubos de Acero de Mexico, S.A. (Tamsa)

(A Mexican Corporation)

The Company has successfully completed an offering to holders of its Common Stock, including Common Stock The Company has successivily completed an orienting to house of its common stock, including Common Stock represented by American Depositary Shares, of transferable rights to subscribe for additional shares of Common Stock (the "Subscription Offer") and, following the conclusion of the Subscription Offer on June 27, 1985, an offering of the remaining shares to investors. The price fixed for the exercise of subscription rights and the subsequent sale of remaining shares was 930 Mexican pesos per share of Common Stock and \$3.75 per American Depositary Share.

Depositary

Morgan Guaranty Trust Company of New York

New York, New York 10015

Remember the price before we came along?

No prizes for guessing where it'll go if you allow our offer to lapse.

Debenhams' share performance over the last decade could be most charitably described as uninspiring.

It didn't even keep pace with the rise in retail prices, let alone the FT All-Share Index.

On 9th April Debenhams' shares stood at 185p*—just 1p from their all-time high.

Then the City began buzzing with rumours. Sure enough on 22nd May we made our bid.

Within 6 weeks the Debenhams' share price soared by 50% and has since flown even higher.

As a shareholder, you're probably delighted. But you shouldn't feel complacent.

If you don't accept the Burton Group offer

and our bid lapses, what price your Debenhams' shares then?

Will they plummet back to the pre-bid price?

To be honest, we don't know.

But it's worth remembering what happened back in 1972.

Debenhams received a bid from UDS. The Debenhams' board urged rejection and it fell through.

The share price slumped.

And it took a full 11 years to regain the level of the UDS bid.

So if there's a lesson to be learned from history it is this: Accept the Burton bid now.

*The price is based on the official middle market price of 222p as adjusted for the recent scrip issue.

With Halpern and Conran there will be life after Debenhams.

Financial comparisons: Burton has homed in or Debenhams' past lacklustee financial record, and compared it with its own

rapid growth under Mr Halpern.
Debenhams replies by pointing
out that over the past few years
its performance has improved
markedly in response to a major
internal reorganisation.

Therefore of the base year

Depending on the base year used, both sides are claiming superior growth. Debenhams is forecasting a 47 per cent increase in pre-tax profits to £50m for the year to January, while Burton is predicting a 38 per cent improvement to £58.

per cent improvement to £78m for the year to August.
The Burton offer, rejected by Debenhams as totally inadequate.

represents a premium of about 70 per cent over net asset value

RHM extends

U.S. interests

in £8m deal

Ranks Havis McDougall bas further extended its interests in

the U.S. by the acquisition of Theresa Friedman and Sons, a

food processing company in Philadelphia, for £7.04m (\$10m).

RHM said yesterday that Theresa Friedman is expected to

earn a profit before tax of over £1.05m (\$1.5m) on sales of £17.6m (\$25m).

The company's operations will the company's operations will be co-ordinated with that of another much larger RHM com-pany in the U.S.. Red Wing-based in New York state.

Theresa Friedman operates a

By David Goodhart

Martin Dickson on House of Fraser's intervention in a bitterly contested takeover battle

Debenhams: the odds lengthen on a Burton victory

THE CITY equivalent of a very large land-mine was set off yesterday in the path of Mr Ralph Halpern, the chairman of Burton Group, and his bitterly contested £550m takeover bid for Debenhams, the department stores group.

stores group.

It came in the form of an announcement—just three days before the Burton bid is due to close—that Debenhams and Britain's largest department stores group, House of Fraser, have got together in an attempt to block Burton and instead form their own joint ventures. The deal brings to an end

one of the greatest City guessing-games of the past two months: what was Fraser's strategy in rapidly building up a stake in Debenhams, which had reached 17.52 per cent of the equity by

yesterday morning?
The announcement raises as many new questions about the Fraser-Debenhams relationship as it answers, but analysts were united last night on one thing: it makes the odds on Burton inning its battle a great deal

A major factor is the simple A major factor is the simple arithmetic of Debenhams' share structure. House of Fraser, which says it intends to buy more Debenhams shares, is permitted under the takeover code to lift its stake to around 24 per cent by Friday, the day Burton's bid closes.

Burton, which is backed by Habitat-Mothercare in its bid, itself holds just 10 per cent of Debenhams and is not permitted under the takeover rode to claims Debenhams, meons that there are considerable efficiency of the stakeover rode to claims Debenhams, meons that

people tend anyway to be tardy in accepting offers and, in the words of one analyst "are likely

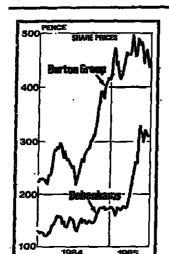
Yesterday's announcement is studiedly vague about the rela-tionship likely to develop between Debenhams and Fraser. It says the two boards believe their companies are "compatible in terms of style, business and management" and intend to management" and intend to co-operate in two areas in

 Debenhams successful credit finance company. Welbeck Finance which made over £20m pre-tax last year on average debt of over £200m, would combine with House of Fraser's markedly less successful operation. The result, says Debenhams, would be a business with some 2.2m card-holders and debtor balance of around £400m, expected to rise to around £600m within two

years.
The advantage for House of

Burton s du closes.

Burton, which is backed by together their merchandising and House of Fraser, which was distribution systems. The itself acquired by the Egyptian itself holds just 10 per cent of Debenhams and is not permitted under the takeover code there are considerable effici- stake in Debenhams to 29.9 per



encie to be gained by sharing their existing resources and com-bining new investment in such areas as buying warehousing and

Robert Thornton (left) chairman of Debenhams, Prof. Roland Smith, chairman of House of Fraser.

vehicles. The precise structure of these deals is still in the melting pot, and there is equal uncertainty as to whether one or both sides see their association as prelude to a full merger.

Nor is it clear how the Office of Fair Trading and the Government would react to the joint ventures or to a merger. Following discussions last week between the OF Tand Prof. Roland Smith, Fraser's chairman, Debenburg, was a verterly weekerder. Debenhams was yesterday exuding confidence that the co-operation deals would be acceptable. It produces statistics to show that Debenhams and House of Fraser combined would have

J. Rothschild

lends \$1.59m

AT March 31, a director of J. Rothschild Holdings had loans

outstanding from an offshoot of \$1.59m (£1.12m). The loans were made to Mr Metril Halpern

under a contract of employment he has with an overseas subsidiary.

It was revealed in the company's accounts that under

its terms he is required to make investments in companies in which an overseas capital deve-

to director

without having to launch a full market, as against 2.2 per cent for Debenhams, Burton and Nor is it clear how the Office Habitat-Mothercare. Habitat Mothercare.
Burton, crying foul, last night
dismissed the Fraser deal as a
"desperate last minute
manoeuvre by the Debenhams

pact were "more likely to flow to House of Fraser's owners than Debenhams" shareholders." Dismissing these claims, Mr Robert Thorton, Debenham's chairman, insisted that he had

first suggested such a deal to House of Fraser some years ago.

Professor Smith added: "We are there for very good commercial reasons; this is a major structural change in non-lood retailing which we want to be part of. We see scope for savings successful for Debenhams." Professor Smith added: "We are there for very good commercial reasons; this is a major structural change in non-food retailing which we want to be part of. We see scope for savings and rationalisation between two similar businesses."

on Friday then, Debeminant's shareholders will have to weigh up the supposed merits of this deal against those claimed by Burton, should it win. And the basic arguments in the straight Burton-Debenham battle are essentially twofold.

essentially twitout, which has been transformed under Mr Halperu's leadership from a dowdy menswear chain into a highly successful retailer of casual clothes, attacks Debenhams retailing record as extremely poor. It can, the claim goes, be radically improved by Burton, acting in concert with Habitat-Mothercare, through the remodelling of the stores as remodelling of the stores as "Galleria"—a variant on the stores-within-a-store idea.

Debenhams replied that it has already looked at add tejected the Galleria idea on economic, practical and aesthetic grounds. in favour of its current expan-sion programme. This includes some refurbishment of existing sites, but much greater emphasis on custom-builf stores on just two floors and with park-ing facilities to hand. sites.

Debenhams suggests that the Galleria is just a simmick, which Burton would not introduce

Crown, which concentrates on

the making of programmes, already owns a 26 per cent stake in Capital, which specialises in technical work.

Tiphook share offer fails to attract

THE Thinook offer for sale has met with a singularly unenthusiastic reception in the City. The application list closed yesterday leaving, 84 per cent of the issue with the underwriters.

This follows an embarrassing error in the offer prospectus which stated that assets per share were 90.1p, when the correct figure was 62.5p.

An advertisement in the national press last week carried the correction and stated that as a result of the mistake the application lists would be open for an extra five days so that all applicants could confirm that THE Tipheok offer for sale has

applicants could confirm that applicants could comme that they still wanted the shares.
Barclays Merchant Bank, advisors on the issue, yesterday described the outcome as "very disappointing," and blamed the poor response in part to the

error.
"Tiphook does not fit the run

tite and a prospective exit p/e of 11-12.

In weighing up the merits of the left a major factor facing it, on the Debenhams share price if Borton fails.

Button fails.

Button fails.

Button fails.

Button fails it is likely for factor facing if the place during the bid and yesterday's agreement with House of Fisser is likely for tide a further cushion, providing more comfort for hir Thornford.

Tiphook does not fit the run of companies that fail to meet their subscription targets and then fail to a discount. This has not been undersubscribed on straight investment grounds " a last night.

However, of those who had applied for shares before learning of the mistake "a large number" confirmed that their applications still held.

Barclays Merchant Bank, the principal underwriter, is expected to be retained as merchan banker to Tiphook.

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Barclays Merchant Bank, the principal underwriter, is expected to be retained as merchan banker to Tiphook.

chan banker to Tiphook.
There was some indication in
the City yesterday that Barclays
would buy further shares in the
market to support the price if it

opens at a large discount when dealing begins next Monday, acting out of a sense of responsibility.

The bank would not say at what price it expected the shares to open, but said that it planned to keep as an invest-ment the holdings that it will

received as lead underwriter, Tiphook, which leases containers, had originally planned to come to market at the end of June but had been advised by Barclays to postpone the issue because of the poor state of the new issue market. The 110p offer price was slightly lower than the price originally

planned.
Applications were received for 857,925 of the 5.5m shares being offered, and of these 63 were from employees who put in for a total of 45,725 shares. All of the applications will be met in

full. medern food processing plant producing a range of lams and jellies for the retail trade and bulk fruit products for yoghurt The failure of the Tiphook offer follows offers by Chrysalis and First Security both of which were substantially undersubscribed, while a handful of other RHM's share price fell lp new issues now stand below resterday to close at 145p.

BCS reorganises after losses

distributor based in Borehamwood. Hertlossed in Borenamwood, heri-fordshire, has reported a pre-tax loss of £1.36m in the year to June 30 against a profit of £502,000 last time and has passed its dividend for the year. The previous year's dividend

The company has had a new executive chairman since April 10 in Mr Ray Newman, a former chairman of Reliance Industrial Holdings. Mr Newman said yesterday that the company had other irrecoverable amounts yesterday that the company had yesterday that the company had suffered from a number of problems against the background of a general slump in the micro-computer industry.

Losses might have been affected by difficulties in evaluating whether certain sales previously accounted for in 1983

The company also announced

Redemption Date on such principal amount.

The Chase Manhattan Bank, N.A. New York Plaza—14th Floor New York, New York 10081

Swiss Bank Corporation

Aeschenvorsladt 1 4002 Basel, Switzerland

ittal) at any of the following agencies:

The Chase Manhattan Bank, N.A.

1 New York Plaza—14th Floor New York, New York 10081 Attention: Bond Conversions

Swiss Bank Corporation

Aeschenvorstadt 1 4002 Basel, Switzerland

Dated: July 31, 1985

on: Corporate Bond Redemptions

at any of the following paying agencies:

May to be replaced by Mr to make substantial provisions David Thompson, who is head of against stocks of obsolescent finance but not a director, products, some of which related Other management changes are to the previous year.
expected to be announced soon. There were incre

The company's shares fell 40 on the Unlisted Securities Market to 21p. BCS came to the market in May 1981 when its shares were placed at 85p.

other irrecoverable amounts rose to £512,000 (£117,000). There was a tax credit of £205,000 (charge of £150,000).

ground of a general slump in the micro-computer industry.

Losses might have been affected by difficulties in evaluating whether certain sales previously accounted for in 1983 should have been included in the 1984 accounts, he sald.

The company also accounts from the 1984 accounts had been won and that sales had consequently been lost. Margins on orders that were fulfilled were hit by the adverse effect on the exchange rate on supplies from the 118. rate on supplies from the U.S. that Mr Tony Cunningham, the As new hardware products financial director, had left in were introduced it was necessary

NOTICE OF REDEMPTION AND TERMINATION OF

CONVERSION RIGHTS

American Medical International N.V.

American Medical International, Inc. 9% per cent. Guaranteed Convertible Bonds 1997

American Medical International N.V. (the "Company") and American Medical International, Inc. (the "Guarantor") have called for redemption on August 30, 1985 (the "Redemption Date") all of the Company's outstanding 9% per cent. Guaranteed Convertible Bonds 1997 together with all appurtenant coupons maturing subsequent to the Redemption Date (the "Bonds") at a redemption price of 103% of the principal amount thereof (the "Redemption Price") together with accrued interest to the

The Bonds will become due and payable on the Redemption Date and, upon presentation and surrender of the Bonds, the Redemption Price and accrued interest to the Redemption Date will be paid on and after the Redemption Date. Bonds should be presented and surrendered for redemption

By Mail

The Chase Manhattan Bank, N.A. Corporate Bond Redemptions 1 New York Plaza—14th Floor New York, New York 1008†

By Hand

On and after the Redemption Date interest on the Bonds will cease to accrue. A form of Letter of Transmittal for use in transmitting your Bonds is available at any of the above-named paying

Transmittal for Use in transmitting your borats is available at any or the above specifies.

Payment pursuant to presentation of Bonds for redemption to the paying agent in New York, New York, or other payment made within the United States, including by transfer to a United States dollar account maintained by the payee with a bank in the Borough of Maintaitan, the City of New York, may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds (including premium and accrued interest) if the payee talls to provide the paying agent with an executed IRS Form W-8 in the case of a non-U.S. person or an executed IRS Form W-9 in the case of a U.S. person or an executed IRS Form W-9 in the case of a U.S. person or an executed IRS Form W-9 in the case of a U.S. person or an executed IRS Form W-9 in the case of a U.S. person or an executed IRS Form W-9 in the case of a U.S. person or an executed IRS Form W-9 in the case of a U.S. person in the IRS will only be required upon such payment made outside the United States it made to U.S. persons in certain circumstances. Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who tall to do so may also be subject to an IRS pensity of U.S. \$50. Accordingly, please provide all appropriate certification when presenting the Bonds for payment.

CONVERSION OF BONDS INTO COMMON STOCK

CONVERSION OF BONDS INTO COMMON STOCK

The Bonds may be converted into shares of Common Stock of the Guarantor at the conversion price (with Bonds taken at their principal amount) of \$20.72 per share of Common Stock. Each Bondholder who wishes to convert his Bonds should deposit his Bonds and a written notice to convert (the form of which notice appears on the reverse side of the Bonds and on the form of Letter

The Chase Manhattan Bank, N.A.

Such conversion rights will terminate as to all Bonds at the close of business on August 30, 1985.

BASED UPON CURRENT PRICES, THE MARKET VALUE OF THE SHARES OF COMMON STOCK INTO WHICH THE BONDS ARE CONVERTIBLE IS SIGNIFICANTLY GREATER THAN THE REDEMPTION PRICE (AND ACCRUED INTEREST) OF THE BONDS. SO LONG AS THE MARKET PRICE OF THE COMMON STOCK EXCEEDS \$21.91, A BONDHOLDER WOULD RECEIVE, UPON CONVERSION OF BONDS, COMMON STOCK AND CASH IN LIEU OF A FRACTIONAL SHARE HAVING A GREATER MARKET VALUE THAN THE CASH WHICH SUCH HOLDER WOULD RECEIVE IF HE SURRENDERED HIS BONDS FOR REDEMPTION.

Box 2063
New York, New York 10081
Attention: Bond Conversion Depart

The Chase Manhattan Bank, N.A. Woolgate House, Coleman Street London, EC2P 2HD, England

Swiss Bank Corporation

Luxembourg, Luxen

The Chase Manhattan Bank, N.A. Woolgate House, Coleman Street London, EC2P 2HD, England

Swiss Bank Corporation (Luxembourg) Limited 43 Boulevard Prince Henri Luxembourg, Luxembourg

AMERICAN MEDICAL INTERNATIONAL N.Y.

AMERICAN MEDICAL INTERNATIONAL, INC.

There were increasing diffi-culties in collecting debts outstanding from previous years and the company experienced an above-average failure rate among its dealers customers.

Mr Newman said vigorous action was being taken to restore profitability. A major cost reduction programme had been embarked on; the company was to concentrate more on profitable trading than the pursuit of turnover; there would be an increased emphasis on the production and marketing of software; and the sourcing of hardware products had been improved.

which an overseas capital development offshoot is also
investing. The money for this
is provided by loans, which are
in effect interest-free, from
another overseas subsidiary.
Loans outstanding at January
1 1984 were \$1.52m and this rose
during the 15-month accounting
period to \$1.59m, the highest
level for the period. The loans
are secured by the investments.
The accounts also reveal that
conspensation of £180,000 was
paid to a director for loss of Unaudited management showed that the company was now trading profitably and the current year should show a significant recovery, he said Restoration of the dividend, however, was unlikely this year likely this year.

office.

Mr Jacob Rothschild, chairman, said in his review that the international financial services group and ended as an investment company.

paid to a director for loss of

Of the merger with Charter-house and Hambro Life, Mr Rothschild said that he remained convinced the concept was valid, convinced the concept was valid, while accepting there would have been considerable difficulties in welding together a retail services group with a wholesale merchant banking group.

"Ia the event, and after lengthy deliberation, the conclusion was reached that a full merger would not on balance have been in the shareholders' interests."

interests."

However he said that the merger would have created the basis for a company capable of competing with the large financial corporations of the U.S. "It is a matter of personal regret that it did not materialise."

First Interstate to move London office

move London office

First Insterstate Bank of California, the eighth largest U.S. bank, has agreed terms to occupy the 47,000 sq ft of lettable office space included in the redeveloped Civil Service Store on London's Strand.

The annual rent is just under fim a year, equating to about \$21 a sq ft. The property was severely damaged by fire during redevelopment in 1982 and is just being completed—in a funding partnership with the Royal Bank of Scotland—by Country and New Town Properties.

First Interstate will be vacating nearby premises and intends to rename the property First Insterstate House.

GRA GROUP, greyhound racing organiser, has achieved pre-tax profits of £54,000 for the six months to April 36 1985, com-pared with losses of £58,000. pared with losses of 235.00. Turnover was lower at £4.19m (£5.29m). Interest receivable was £26,000; against £120,000 payable. Net earnings per 5p share amounted to 0.06p (0.07p) before extraordinary items, and 0.22p (0.17p) after.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such steedings are usually held for the purpose & considering dividends. Official indications are not evaluable as to whether the dividends are interims or finels and the subdivisions shown below see based metally on feat year's timetable.

TODAY

Interimes—CSC investment Trust.

Interline:—CSC Investment Trust.
Consolidated Tam Investment, T.
Cowie, Martin Perd, Octan Transport
and Trading.
Finals:—AIM Group, Caledonian Associated Cinemas, Hevelock Europa,
Mercantile House David S. Smith
Sungel Bea; Mines Malaysia, Trent
Holdings.

FUTURE DATES

Interiens:

Griqueland Exploration & Fince. Aug 7
Heywood Williams Aug 8
Securicor Aug 7
Security Services Aug 7
Wagon Finance Aug 16
Finals:

Access Satellite International Aug 16
Arien Electrical Aug 2
Firth (G. M.) Aug 8
Smith Whitworth Aug 5
Stone International Aug 15

Crown Intl. is merging with Capital Television

BY DAYID GOODHART

THE TWO USM quoted film and video companies Crown International Productions and Capital Television Facilities yesterday sized in principle to merge. The shares of both companies were consequently suspended—frown at 100p and Capital at 55m. 50p.
The merging is, in effect, a largely admioistrative develop-

ment as the two companies have shared the same chairman, finance director, head office and computer since their formation. However, Mr Gordon Currie, chairman of both companies, also said yesterday that negotiations over the acquisition of also sand yesterday that negotiations over the acquisition of comp another major independent Bu
television company were near new
completion. "The profit forecast for
for the three companies comyear.

The two companies are expected to return to the USM —following the merger—in about one month's time after the completion of negotiations
But Mr Currie said that the
new company would be looking
for a full listing later in the

£740.000.

Shareholders approve Ansbacher restructure

SHAREBOLDERS OF Heary
Anshacher, the merchant banking group, yesterday approved
resolutions to complete the financial restructuring of the company following its recent large
losses.

At the annual meeting, the
composition of the board was
changed to reflect the new
ownership structure in which
GBL/Fargesa, the Belgian financial group has become a 75 per
cent shareholder after subscribing the bulk of a £35m rights
issue. Eleven directors have
resigned or decided not to seek

SHAREBOLDERS OF Heary
The board now consists of Mr
Charles Longbottom, the chairmen of the operating divisions,
Lord Spens, the managing director of the bank, and four
representatives of GBL/Pargesa.
One shareholder questioned the discovery that previous and the discovery that previous and

	Current payment		Corre- sponding div.	Total for year	Total last year
Aarenson Brosint J. Jarvis & Sons Macarthys National Westm'ster int New Court Temple Bar	10.3 6 10† 1.65‡ 2	Oct 7 ——Oct 1 Aug 31 Oct 1 Sept 30	1.2 10.3 5.5 9.3* 1.5 1.65 7.28	17.5 8.2 1.65	4.2 17.5 7.5 21.96* 1.5 4.65 7.28

*Equivalent after allowing for script issue. † On carincreased by rights and/or acquisition issues. ‡ IISM stock.

Granville & Co. Limited

Member of The National Association of Security Designs and Investment Managers
8 Lovat Lane London EC3R 8DT Telephone 01-Over-the-Counter Market

| High Low | Company | Price Change (fiv./g) | % | 149 | 723 | Ars. Brh. Ind. Ort. | 135 | 6.6 | 4.5 | 151 | 135 | Ass. Brh. Ind. CULS | 138 | 10.0 | 7.2 | 7.2 | 4.4 | Airsprung Group | 44 | 6.4 | 14.5 | 159 | 108 | Bardon Hill | 159 | 4.0 | 2.5 | 159 | 108 | Bardon Hill | 159 | 4.0 | 2.5 | 159 | 108 | Bardon Hill | 159 | 4.0 | 2.5 | 152 | 105 | CCL Iripe Conv. Pref | 105 | 15.7 | 14.9 | 152 | 105 | 15.7 | 14.9 | 152 | 105 | 15.7 | 14.9 | 105 | 15.7 | 14.9 | 107 | 17.9 | 107 | 17.9 | 107 | 17.9 | 107 | 17.9 | 107 | 17.9 | 107 | 17.9 | 107 | 17.9 | 107 | 17.9 | 107 | 17.9 | 107 | 17.9 | 107 | 17.9 | 107 | 17.9 | 107 | 17.9 | 107 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 17.9 | 1 Prices and details of services now available on Practel, page 48145

U.S. \$400,000,000



The Kingdom of Belgium

Floating Rate Notes Due February, 2000

In accordance with the provisions of the Notes, notice is hereby given that interest payable on 30th August, 1985 will amount to U.S.\$11,293-41 per U.S.\$250,000 Note.

Interest rates applicable are as follows: 28th Feb. 1985 to 29th Mar. 1985 - 976% 29th Mar. 1985 to 30th Apr. 1985 - 93/4% 30th Apr. 1985 to 31st May 1985 - 815/16% 31st May 1985 to 28th June 1985 - 81/8% 28th June 1985 to 31st July 1985 - 8316% 31st July 1985 to 30th Aug. 1985 - 87/16%

Agent Bank: Morgan Guaranty Trust Company of New York Lendon

N#B BANK

Nederlandsche Middenstandsbank nv

U.S.\$100,000,000

Floating Rate Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that, for the six months period, 31st July, 1985 to 31st January, 1986, the Notes will bear interest at the rate of 834 per cent. per annum. Coupon No. 1 will therefore be payable on 31st January, 1986 at the rate of US\$11,189.56 from Notes of US\$250,000 pominal and US\$447.22 from Notes of US\$10,000 nominal.

> S.G. Warburg & Co. Ltd. Agent Bank



Korea Exchange Bank

(Incorporated in the Republic of Korea under the Korea Exchange Bank Act of 1986, as amended)

U.S.\$150,000,000 Floating Rate Notes Due 1995

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from July 30, 1985 to January 30, 1986 the Notes will carry an interest rate of 811/16% per annum. The interest payable on the relevant interest payment date, January 30, 1986 against coupon No. 1

By The Chase Manhattan Bank, N.A., London, Agent Bank



will be U.S.\$11,100.69 and U.S.\$444.03 respectively for Notes in denominations of U.S.\$250,000 and U.S.\$10,000.

NatWest's 20% rise to £354m disappoints the City

i phoof

shate of

been looking for something in the region of 36 per cent.

The announcement — taxable profits rose from £295m to £354m—brought about some heavy initial share markdowns for both NatWest and the other three main clearers, Barclays, Midland and Lloyds.

NatWest's shares fell to 648p before pulling back to 665p, down 25p, at the close while the day showing small falls.

A large part of the shortfall on market estimates was due to the impact of exchange rate differences, said NatWest, point fing out that if the group had worked on December exchange rates then profits would have been £31m higher.

Despite the market's disponiment, Mr Philip Wilkinson, the chief executive, sounded an optimistic note for second half prospects. "The general outlook for the rest of the year looks quite encouraging. So prospects for sound business growth a still look, favourable," he said. The interim dividend is being raised to 10p, against an adjusted from the probability of further

Paised to loty, against an adjusted 9.3p.

His confidence was derived from the probability of further gradual declines in UK interest rates and fairly stable rates in

National Westminster Bank yesterday opened 1985's banking season with a 20 per cent rise in interim profits but this disappointed the City which had been looking for something in the region of 36 per cent.

The announcement — taxable profits rose from £295m to £354m—brought about some the chairman.

However he stressed that despite

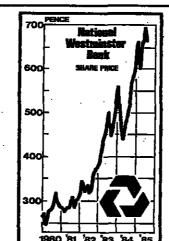
from customers. This compares with 2.1 per cent at the end of

NatWest's three operating divisions all earned higher



profits for the first half of 1985. while domestic banking achieved a £16m increase to £199m its share of total profits fell from 62 per cent to 56 per cent; international banking notched up a £39m rise to £109m while related banking services rose by £4m to £46m.

Tax amounted to £177m, against £165m, leaving net profits of £177m (£130m) equal to earnings per share of 48p (41p); Lord Boardman said "increased



competition, tighter margins and higher cost of funds were offset by good cost control throughout the half-year. Current account balances in the the parent bank have grown by 7 per cent when compared with the corresponding period last year but the trend towards interest bearing deposits has continued."

High interest special reserve accounts had been particularly successful he said, with balances cations will also play a bi now standing at more than filbn.

seen "steady growth in commit-ments to our key target com-mercial customers."

National Westminster USA continued its strong performance with after-tax income for the half-year of \$27m, an increase

In Australia, plans are at an advanced stage to set up corporate banking and merchant banking operations to complement existing financial business. Last week, NatWest formally signed an agreement to form a new joint venture bank in Spain under the name of Banco NatWest March.

profits included a performance from the Lombard Group.

In UK retail banking, Mr Wilkinson said that NatWest was moving ahead in a number of areas and was successfully confronting competitive challenges in Saturday banking, home loans busines and in the small busines sector.

"For the larger corporation of the larger corporation

In UK retail banking, Mr Wilkinson said that NatWest was moving abead in a number of areas and was successfully confronting competitive challenges in Saturday banking, home loans busines and in the small busines sector.

"For the larger corporate customers in the UK, we are pushing ahead with the creation of 150 specialist corporate branches in the major business centres around the country."

NatWest is continuing to invest than 6 per cent."

NatWest is continuing to invest than 6 per cent."

He added: "Our capital posi tion provides the means for expansion in a number of the Group."

Since the end of December the end of December the Group."

Since the end of December the Group."

Since the end of December the end of December the Group."

Since the end of December the Exchange rate movements particularly, of course sterling against the U.S. dollar, have had a considerable impact. Without this the balance sheet would have shown a well controlled growth of around 4 per cent."

Hanson agrees £65m sale of U.S. offshoot

BY ANDREW ARENDS

year.
Sir Gordon White, chairman of Hanson Industries, the group's U.S. subsidiary, said yesterday that the proceeds of the sale "will add to our already substantial cash resources available for other developments, including any acquisitions" ing new acquisitions."
Earlier this month Hanson
Trust completed a controversial

Trust completed a controversial \$519m rights issue, the largest ever by a UK company wholly in the private sector. Lord Hanson, the group's chairman said, recently that his ideal target would be a broadly based U.S. group, similar to U.S. Indsutries, which it purchased last year.

In he year ended September 1984 Interstate made pre-tax profits of \$10.7m (£7.5m) on turnover of \$395.8m (£278m). It has net assets of \$30m (£218m). When Hanson Trust first Interstate in 1977, Sir Gordon added, it was making pre-tax profits of around \$2.5m (£1.75m) on a slightly lower turnover.

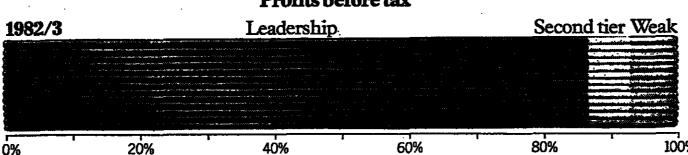
He said that the food service industry in the U.S. was

Hanson Trust, has agreed the \$92.5m (£65m) sale of Interstate warket and it had been a case United Corporation, its U.S.-based food service management group, to Transworld Corporation, the hotels and food services company from which Trans World Airlines was spun off last two or three U.S. companies at the moment, more broadly in the latter. at two or three U.S. companies at hie moment, more broadly in line with its ideal takeover

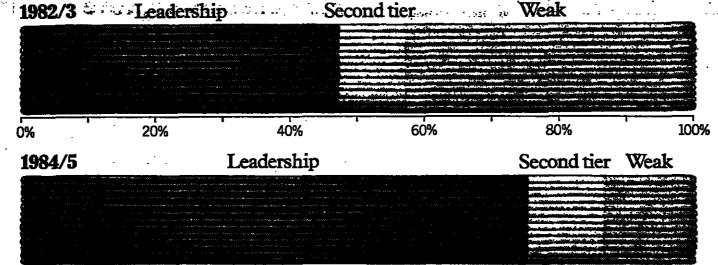
target. Completition of the conditional on the deal satisfying U.S. regulatory requirements. Yesterday Hanson Trust chares closed 3p higher at 193p.

Ocean Wilsons

nistory Profits before tax



Capital employed ...



60%

80%

he success of these deals is seen in figures like these.

The two charts below reveal that we have been acquiring successful companies and selling those which had no leadership

Acquisitions and divestments

We bought companies that were strategically important to our core businesses.

40%

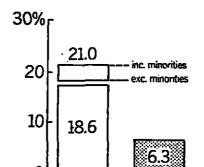
20%

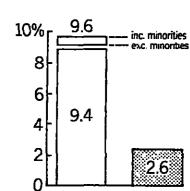
We spent £390 million on acquiring 15 companies with high growth potential, nine of which were in the USA to give us a more even geographical as well as business split. Many of the acquisitions were of small companies but all of them were complementary to our core businesses and increased our market shares and growth prospects.

The most recent and important acquisition, Initial, has enabled us to merge it with Advance and so enjoy cost savings while fighting back against alternatives to cabinet towels and creating a really strong competitor in several fast growing cleaning market sectors.



100%





Return on sales

Divestments

We reorganised all the companies into five clearly defined sectors.

s the bars graphically illustrate,

with weak market positions generating less

with a carefully planned three-stage strategy:

£236 million in the two years up to March 1985.

than 10% of our profits. This compared with 87% of profits produced by those companies with market leadership which

used less than 50% of shareholders'

two years ago over 40% of BET's capital was invested in companies

The key to establishing and main-

taining good margins, we believed, was to achieve a greater

done so with remarkable success can be seen from the third

bar, showing 75% of our capital now employed in companies

market share and poor growth potential. We sold our North Sea oil interests, general

And we sold Canadian Motorways which, in common with a number of smaller companies, had weak market share and low growth potential: altogether we sold 13 operations for a total of

investments and other companies not in our main market areas. So we sold Rediffusion's TV and VCR rental business due to its continuing decline in favour of TV and VCR purchase.

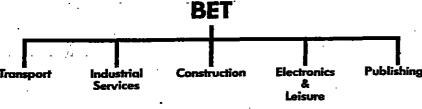
with market leadership. And it's from this position that profits

We set about achieving this stronger company profile

We sold interests that didn't fit in, or had weak

market share in our chosen sectors. The fact that we have

Ownership and management structures have oeen successfully rationalised into the following business sectors, each with strong market positions:



We have also bought out minority holdings in primary companies so that they are now wholly owned by us, and have created a more even balance of profits.

putting experience to good service

ow BET is organised for growth. All this should answer the criticisms that led one newspaper to describe our restructuring as "a bewildering array of acquisitions and disposals with no apparent direction." Nothing could be further from the truth.

We haven't only succeeded in buying the right companies at the right price, we've achieved a greater degree of market leadership right across the board. Now we're putting all our efforts into doing what we're best at, and making our money work harder

We are now truly organised for growth and we confidently look forward to improvements where it really matters - in long term earnings growth.

For a copy of our annual report & 1984/85 results, write to Neil Ryder, BET PLC, Stratton House, Piccadilly, London WIX 6AS.



money.

have started growing.

NOTICE OF REDEMPTION To the Holders of

IBM Credit Overseas N.V.

13%% Notes Due August 18, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 6 of the Fiscal Agency Agreement dated as of August 18, 1982 among IBM Credit Overseas N.V. (the "issuer"), IBM Credit Corporation (the "Guarantor"), and The Chase Manhattan Bank (National Association) as Fiscal Agent and Paying Agent, all the above-mentioned Notes (the "Notes") will be redeemed on August 18, 1985 (the "Redemption Date") at the price of 101.75% of their principal amount, together with interest accrued to the Redemption Date. Payment will be made upon presentation and surrender of the Notes at the below listed paying agencies, together with all appurtenant coupons maturing subsequent to the Redemption Date, falling which the amount of any missing, unmatured coupons will be deducted from the sum otherwise due for payment. Interest on the Notes shall cease to accrue from and after the Redemption Date.

Payments will be made at any of the following paying agencies listed below: The Chase Manhattan Bank, N.A.

London Branch Woolgate House, Coleman Street London, EC2P 2HD, England Nederlandse Credietbank N.V. Herengracht 458 Amsterdam, The Netherlands

Berliner Handels-Und Frankfurter Bank 10 Bockenheimer Landstras Frankfurt, Germany

Banque de Commerce, S.A. Main Office 51/52 Avenue des Arts B-1040 Brussels, Belgium Chase Manhattan Bank (Switzerland) Genferstrasse 24 Postfach 162 8027 Zurich, Switzerland

Societe Generale 29 Boulevard Haussmann Paris 75009, France

Banque Generale du Luxembourg S.A. 27 Avenue Monterey Luxembourg, Luxembourg

IBM CREDIT OVERSEAS N.V. By: THE CHASE MANHATTAN BANK, N.A. as Fiscal and Paying Agent

Dated: July 17, 1985

BANCO NACIONAL DE CREDITO RURAL S.A. BANRURAL

KUWAITI DINARS 10,000,000 81/4% Notes due 15th June, 1985/90

We, Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.), Kuwait as Fiscal and Principal Paying Agent of the above issue inform the redemption of Nom. KD7,100,000 of the Notes @ 100% at Noteholder's option bearing serial numbers as mentioned below for the year ending 15th June, 1985 in terms of condition 4(C) of the description of the notes in the placing Memorandum dated 24.5.1978.

KD1.200,000 Principal amount of the Notes remain outstanding after 15th June, 1985.

الشيرك الكوستية للجتسارة والمقاولات والاستثارات الخاربيت أروي



UK COMPANY NEWS

Finance costs cut **Gallaher** to £54m

Gallaher has reported record turnover and trading profits in the six months to the end of June 1985. However, increased interest changes left the pre-tex figure down by 3 per cent.

Group turnover rose from fl. 36bn to fl. 48bn, with tobacco sales making the major contribution at fl. 08bn (f393 4m). Trading profits increased by 8 per cent f65 9m (f50.8m), but interest more than doubled to f12m (f5.4m) resulting in pretax profits of f53.8m (f55.4m).

Mr S. G. Cameron, the chairman, says that tobacco had a strong first quarter heiped by trade stocking before the Budget and the second quarter showed the expected sharp drop. Export ales were well up as were the results from overseas subsidiaires.

He adds that the trading results for the non-tobacco sector were up by 28 per cent from £16.8m to £20.7m. In this the houseware division saw results improve to £3.5m from £500,000, which related to oray sever months of 1984.

New Court down at £1.6m but sees rise in Avant production

New Court Natural Resources, the USM listed oil and gas rvesment company, reports a rout slip of £161,000 to £1.6m in the year to March 31, 1985 on turnover shead from £4.18m

Mr David Hayllar, the chairman, says that the Avant water-flood development in the U.S., which is the group's major activity, is proceeding according to plan. The injection programme commenced in October 1953 resulted in increased oil production towards the end of 1954, and the trend has continued this year.

this year.

He adds that since positive response to the injection programme was achieved during the year under review, operating costs — which together with administrative expenses came to \$2.04m (£1.5m) — reflect only those costs which relate to the year's production, and £345.000 has therefore been capitalised.

The chairman adds that three The chairman adds that three new producing wells have recently been completed in the western part of the Avant lease with encouraging results which indicate there may be significant primary production available there.

Avant production in the first quarter of the current year shows an increase, though oil prices have been slightly lower.

The single dividend for the year is raised from 1.5p net per share to 1.65p, with stated earnings per share shown down from 4.05p to 3.76p. The dividend will

interest income at £110,000 (£249,000).

After a tax charge of £345,000 (£398,000) and an extracrdinary item of £63,000 (£150,000), the profit for the financial year came out at £1.19m (£1.21m), of which £639,000 (£860,000) was retained.

• comment

isope floods eternal at New Court Natural Resources and these results have been flattered by the capitalisting £345,000 of costs for expert assistance to maximise returns from Avant. While the expenditure may have been once off, it was hardly on capital. In fact the evidence suggests that to get the most out of Avant, technical fine tuning (all of it from outside the company) will have to be a regular feature although of course the amounts will vary. Faced with long lend times and high operating costs, sustaining the 1984 result was going to be hard even with the assistance of a £1m exchange gain on translation. Avant is now on 420 barrels a day production. 190 barrels more than at the same time last year when the field accounted for almost three-quarters of group oil production. Exploration is being virtually abandoned given the current uncertainties over oil prices. Cosis at Avant are said by the company to be as high as \$15 a barrel (including depletion, operating costs and overheads) giving some indication of the company's vulnerability to downward price morements. At 30p the shares are at share to 1.65p, with stated earnings per share shown down from 4.05p to 3.76p. The dividend will account for £550,000 against £500,000.

Depreciation and depletion costs accounted for £1.22m against £944,000, to leave group operating profit at £1.35m against £1.43m. Exchange gains added less at £74,000 (£77,000), as did average.

North Sea oil stake puts Pict Petroleum in profit

THE BUYING of a 0.5 per cent interest in the Claymore Field ings per £1 share at 5.03p in the North Sea enabled Pict Petroleum to report its first off exploration spending of turnover in the six months to the end of April 1885.

On the comparative figures have been adjusted to reflect the observations.

On turnover of £1.94m, compared with £29,600 for the same period last year pre-tax profit was £26,000 against a loss of £177,800.

The comparative figures have been adjusted to reflect the change in the accounting policies for exploration expenditure.

pared with £29,600 for the same for exploration expenditure. period last year pre-tax profit was £426,000 against a loss of £177,800. In the six months the company, which is managed by Noble Grossart, has been involved in a number of areas explorer has achieved a balance between income assessable for USM, has decided to change its petroleum revenue tax and exploration and appraisal expenditure which can be offset accounts for the eight months against that tax. There is there—to the end of June.

HOME BREWERY PLC UNAUDITED REPORT FOR HALF

YEAR TO 31st MARCH 1985

	1985 £'000	1984 £'000
Net Turnover	27,118	24,121
Profit before Tax and Extra-		
ordinary Items	2,078	2,595
Taxation on Profits	946	1,303
Extraordinary Items (net)		-
Profit attributable to Share-		
holders	1,132	1,292
Half-Yearly Dividend on 4.025% Com. Pref. shares	30	30
Interim paid on Ordinary Shares	30	20
(per Share)	4 p	45
(amount absorbed)	240	4p 240
Earnings per Share	18.4p	21.0p
	-	-
The volume of trade has show compared with the correspondi- however, the decline in net pro-	ng period la Mit is accou	et veer

by a higher depreciation charge amounting to £503,000 relating to the Phase V and VI stages of the Brewery development programme, which is now in its final stages.

This depreciation will necessarily remain a factor in a full year's results.

NOTICE OF REDEMPTION US\$100,000,000

MANUFACTURERS HANOVER OVERSEAS CAPITAL CORPORATION

13½% Guaranteed Notes due September 1, 1986

NOTICE IS HEREBY GIVEN to the holders of the above outstanding Notes that pursuant to the provisions of Section 4(c) of the Fiscal Agency Agreement dated as of March 1, 1984 between Manufacturers Hanover Overseas Capital Corporation (The "Issuer"), Manufacturers Hanover Corporation (The "Guarantor") and Manufacturers Hanover Corporation (The "Fiscal Agent"), the Issuer intends to redeem on September 1, 1985 all of its outstanding Notes at a redemption price equal to 100% of the principal amount thereof plus accrued interest of US\$135 for each \$1,000 principal amount.

Payments will be made on or after September 3, 1985 against presentation and surrender of Notes with coupons due September 1, 1985 at any of the following offices: Manufacturers Hanover Limited, 7 Princes Street, London EC2P 2EN, Manufacturers Hanover Banc/Belgium S.A./ Manufacturers Handver Limited, 7 Princes Street, London EC2P 2EN; Manufacturers Handver Bank/Belgium S.A./
N.V., 13 Rue de Ligne, B-1000 Brussels; Manufacturers Handver Bank Luxembourg S.A., 39 Boulevard Prince Henri, Luxembourg: Manufacturers Handver Trust Company, Bockenheimer Landstrasse 51-53, Frankfurt am Main: Manufacturers Handver Trust Company, Stockerstrasse 33, 2003. Interest will cease to accrue on the said Notes as from September I, 1985.

MANUFACTURERS HANOVER LIMITED Fiscal and Principal Paying Agent

31st July, 1985

A MESSAGE FOR BELLS' SHAREHOLDERS.

We'd like to show you how a merger of Guinness and Bells will enable you to participate in a group with exciting growth prospects.

GUINNESS AND BELLS APART

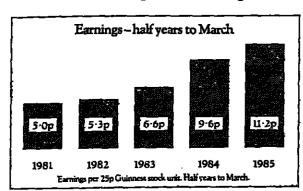
The truth is, Guinness has a definite sense of direction. Bells doesn't appear to have.

The revitalisation of Guinness has been no hit and miss affair. Earnings per share have grown by no less than 122 per cent over the three years to 30th September 1984.

Guinness' share price has steadily climbed as the Stock Market has recognised the achievements and the positive direction brought to Guinness by its new management team since 1981. Bells' share price has underperformed the relevant market sector by 43 per cent between its peak on 17th February 1983 and 14th May 1985, before bid rumours.

Guinness has successful twin growth strategies.

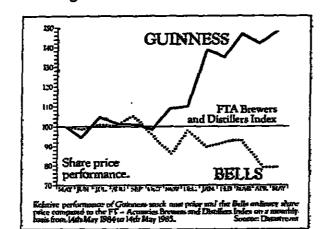
Profit growth for today, by continuous improvement in established businesses, International Beverages and Retailing.



Profit growth for tomorrow by investment in growth sectors within our established businesses and in exciting new areas such as Healthcare and Publishing.

Trading profits from Retailing and other non brewing activities rose to £6.7 million in the half year to 31st March 1985 from £1.8 million in the half year to 31st March 1984.

The story at Bells is somewhat more sobering.



Its diversification activities have been rather less successful. Canning Town Glass, for instance, has lost £2.4 million over the last four financial years. The refurbishment of Bells' Piccadilly Hotel in London is now expected to cost at least 60 per cent more than the original £10 million estimate, and it is still unfinished in what should be its most lucrative season.

Perhaps the most important disciplines the new management team has brought to Guinness are real marketing and advertising skills. The result has been to reverse the decline in our core brewing business.

Meanwhile Bells' share of the U.K. Scotch Whisky market has declined by 20 per cent since 1980.

Guinness sales to the U.S. have risen by 81 per cent by volume in the three years to 31st March 1985.

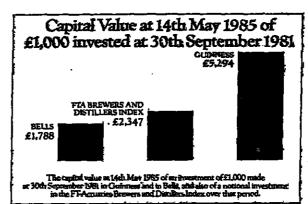
Bells has failed to make its promised inroads into the crucial U.S. market.

GUINNESS AND BELLS MIXED

Guinness has considerable regard for the Bells' brand and its distilling skills.

Bringing together the skills of the two companies would create a force in the world's drinks market of considerably greater potential than Bells alone ever could. And obviously, bigger sales of Bells would lead to greater job security.

Indeed, Guinness faith in the venture is dear by the guarantee given that there will be no redundancies as a result of Bells becoming a member of the Guinness Group, and the fact that Bells would continue to be managed in Perth.



On 14th May 1985, before bid rumours, Bells' shares languished at 143p, a price which reflected the City's view of Bells' prospects without Guinness.

You are being offered a substantial premium over this price and shares in an exciting, enlarged group.

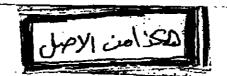
Consider what may happen to the value of your Bells' investment if you do not accept



DRAUGHT AND BOTTLED GUINNESS, HARP KALIBER, DRUMMONDS, MARTIN THE NEWSAGENE LAVELLS. PELEVEN STORES, CHAMPNEYS AND STOBO CASTER HEATTH RESORTS, NATURE'S REST VITAMINS, GUINNESS PUBLISH

Bells has lost its way. Guinness is good for Bells.

This advertisement is published by Morgan Grenfell & Co. Limited and Noble Grossart Limited on behalf of Guinness PLC. The Directors of Guinness PLC are the persons responsible for the information of Guinness PLC are the persons responsible for the information of Guinness PLC. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts. The Directors of Cuinness PLC accept responsibility according



Macarthys takes action to stem profit downturn

ALONG WITH its results for the 1984-85 year, which as expected show a downturn at the pre-tax ievel, Macarthys Pharmaceuticals yesterday unveiled details of a restructuring plan which it hopes will ensure its future profit. ensure its future profit-

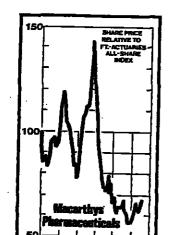
The strategic plan, which is now being implemented and is the result of a full group appraisal, includes a reduction of the number of depots in the pharmaceutical distribution division, and the disposal of two smaller businesses "where returns have proved inadequate."

The total cost of the group reorganisation will be around £1.9m
after tax, and has resulted in an
extraordinary charge amounting
to £1.2m, after deferred tax
credits, in the accounts for the
period to April 30, 1985. This
leaves the group with a retained
deficit of £151,000 (profit £2.82m).
Despite the extraordinary Despite the extraordinary costs, and the profit downturn of £385,000 to £4.06m—below the market consensus—the final dividend is lifted from 5.5p to 6p for a total of 8.2p (7.5p). The

ence in the group's future following the restructuring. Earnings per 20p share slipped from 241p to 162p. They also believe that there is now an imbalance between their interim and final payment, and propose in the current year to increase the interim to not less

than 3p per share. The pharmaceutical manufacturing, surgical and retailing divisions all experienced declines in trading profits, with figures of £508,000 (£678,000), £734,000 (£937,000) and £494,000 (£688,000), properties (£688,000), profits (£688,000), profits

Pharmacentical distribution, which has in past years been hit by retailers' destocking, improved to £2.7m (£2.5m), but this is still only at the level of profit reached in 1882. The veterinary side rose slightly to £593,000 (£661,000).



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for a total of 82p (7.5p). The for a total of 82p (7.5p). The directors point out that this is covered twice by available profits, and reflects their confidence in the group's future following the group's future following has cut margins to the pricing has cut margins to the highly competitive market. The planned reduction in the number of distribution depots should raise margins this year, but only at the cost of cutting sales. Any profits growth is going to have to come from the come from the group's peripheral businesses. should benefit from an influx of higher-margin goods into the product mix at the Savory and Moore shops, but these are only ever going to be picking up crumbs from the Boots and Superdrug tables. The drug-Superdrug tables. The drug-making, surgical and veterinary turing plan. Nevertheless this year is unlikely to see the group leave the profits plateau it has been on since 1981 and it would take an optimist to expect much over £4.5m. At that figure the shares, up 3p at 186p yesterday, are on a prospective p/e ratio There is no disguising the fact that Macarthy's Pharmaceuticals' of 9 after a 40 per cent tax results are dismal. The group charge—a figure reflecting bid said at the interim that it did speculation rather than the not expect the second half to

bank leumi (uk) plc Interest Rates

Bank Leumi (UK) plc announces that with effect from 31st July 1985 its base rate for lending is reduced from 12 per cent to 11.5 per cent per annum.

בנק לאומי bankleumi

U.S.\$35,000,000 SERIES 14

TELEFONOS DE AM MEXICO, S.A.

(Organised under the laws of the United Mexican States) Six Month Notes Issued in Series

under a

U.S.\$75,000,000

Note Purchase Facility

Notice is hereby given that the above Series of Notes issued under a Note Purchase Facility Agreement dated 5th May, 1982, carry an Interest Rate of 81%, per annum. The Maturity Date of the above Series of Notes will be 29th January, 1986

29th July, 1985

3

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Samuel Montagu & Co. Limited Issue Agent



U.S. \$150,000,000

CHASE MANHATTAN OVERSEAS BANKING CORPORATION

FLOATING RATE NOTES DUE 1993

For the six months 31st July, 1985 to 31st January, 1986

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 61% per cent and that the interest payable on the relevant interest payment date, 31st January, 1986 against Coupon No. 15 will be U.S.\$44-08. Agent Bank: Morgan Guaranty Trust Company of New York, Lond

Half-year results from NatWest

Interim profits up 20%

In announcing NatWest Group Interim Results for 1985, the Chairman, Lord Boardman, said: We are pleased to announce an interim pre-tax profit of £354m, an increase of 20% on the first half of 1984.

COMMENT ON RESULTS

PROFIT COMPARISONS On a historical cost basis, Group profit of £354m before tax for the first half of 1985 was up £59m (+20%) over the first half of 1984. On a current cost basis, interim profit before tax ounted to £263m compared with a restated figure of £266m for the first half of 1984.

GROUP BALANCE SHEET Sterling advances grew by 5.4% during the half-year but translation effects, particularly of the weaker dollar, have reduced the overall balance sheet by 1.4%.

INTEREST RATES AND INCOME UK average base rate for the half-year was 12.8% (1984 first half 8.9%) but margins were narrower during the period. Group net interest income increased by 7% over the first half of 1984. Total income increased by 10%, helped by growth in commission.

FOREIGN EXCHANGE Foreign exchange income includes trading income which grew to £34m for this half-year. However, this was offset by net translation differences of £24m at 30 June rates arising from the net asset positions in certain subsidiaries – especially in Australia – which are funded in sterling.

COSTS Operating costs, excluding the provision for bad and doubtful debts, increased by 9%. Staff costs were 10% higher than the 1984 first half figures, reflecting expansion in subsidiaries and new activities. Parent Bank staff costs rose by 6%

The charge to profit for the provision for bad and doubtful debts is slightly lower than first half of 1984 and reflects a continuation of our cautious view of trading and world conditions. The cumulative provision of £934m represents 2.21% of amounts due from customers compared with £918m (2.13%) at the end of 1984.

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DIVISIONAL CONTRIBUTION

	cad opening sing	at which chindenic town on	Para maciesa
	Half-Year to 30 June 1985	Halffeat 10 30 June 1984	Year to 31 Dec 1984
	¢me %	Ĺm 3	ím T
Domesik Banking	199 56	153 62	405 60
International Banking	309 31	70 24	171 26
Related Banking Services	46 13	42 14	95 14
-	354	295	671

UK Domestic Banking increased profits over the first half of 1984 despite increased competition and tighter margins. Specific bad and doubtful debt provisions were lower during

International Banking contributed higher profits during the half-year in difficult trading conditions. National Westminster Bank USA recently announced a 69% increase in net income

Related Banking Services again made a good contribution to Group profit with satisfactory figures from the Lombard Group in a difficult period. INTERIM DIVIDEND

An interim dividend of 10p per share has been declared, an increase of 8% over last year's interim dividend adjusted for the Rights Issue.

FUTURE PROSPECTS The good operating performance experienced by the Group during the first half of the year is expected to be reflected in improved results for the year.

The following financial information contains abridged details from the full group accounts for the year ended 31 December 1984 on which the auditors gave an unqualified upinson. Those accounts have been filed with the Begistrar of Companies.

CONSOLIDATED PROFIT AND LOSS ACCOUNT (Historical Cost Basis - Unaudited) Half-Year to 30 June 1985 30 June 1984 31 Dec 1984 £M £M The Bank and subsidiaries (note 1). 336 278 639 Share of associated companies... <u> 18</u> _17 <u> 32</u> Group Profit before Taxation and Extraordinary Item. 354 671 Taxation (note 2)... 177 Minority interests Preference dividends of the Bank ... Group Profit after Taxation and before Extraordinary Item Extraordinary item... Group Profit Attributable to Ordinary Shareholders of the Bank Ordinary dividends... <u>87</u> Group Profit Transferred to Retained Earnings Retained Earnings Retained earnings brought forward. 1,885. 2.362 Provision for deferred tax (note 3). Diminution in value of tax-variable leased assets (note 3). 202 Retained profit for the period... Purchased goodwill written off... (1) (34)Other movements. 2,023 1,807 1.885 Retained earnings carried forward... 25.6p (interim) (interim) (total) Earnings (note 4). "1984 figures adjusted for the effects of the rights issue in September 1984.

بالمسابح والمسابح وال							
SUMMARY CO	NSOLIE	ATED BA	LANCE S	HEET (Historical Cost Basis - Unat	idited)		
	30 June 1985	30 June 19 84	31 Dec 1984	•	30 June 1985	30 June 1984	31 Dec 1984
-	£Μ	£M	M3		EM.	£M	M3
Shareholders' Funds			}	Assets			,
Share capital	375	254	373	Liquid and short-term assets	. 14,914	13.183	14.630
Retained earnings	2,023	1,807	1,885		41,323	36.683	42,217
Other reserves.	395	276	391	Market placings over one month	_ 9,479	11,627	10,173
	2.793	2.337	2,649	Assets leased to customers		1,997	2,384
Liabilities		2,007		Other debtors	505 !	461	617
Undated floating rate loan capital	386	296	430	Customers' and other accounts		50,768	55,391
Dated loan capital	1.273	1.062	1.193	Premises and equipment	. 1,367	1,207	1,283
Deferred taxation	863	781	866	Other assets	. 223	205	213
Current, deposit and other accounts_		60.131	65.515				l
Other liabilities	1,143	756	864				1
			. —			(53/3	75.53
	70,51 <u>9</u>	65,363	71,517		70,519	6 <u>5,363</u>	71.517

NOTE	S		
1. Analysis of Trading Surplus	Half-Year to 30 June 1985	Half-Year to 30 June 1984_	Year to 31 Dec 1984
	EM	EM	EM
Income			
Interest Income		3,071	7,200
Less: Interest payable		<u>2,240</u>	<u>5,448</u>
Net Interest Income	891	831	1,752
Commission	354	317	681
Investment Income	141	102	240
Foreign Exchange	10	28	70
Other Income		38	88
	1,446	1,316	2.831
Expenditure:			[
Personnel costs	598	546	1,149
Premises and equipment	177	163	339
Bad and doubtful debts (note 5)	151	160	351
Other expenditure		<u> 169</u>	353
_	1,110	1,038	2,192
Trading Surplus – The Bank and Subsidiaries	_336	<u>278</u>	<u>639</u>
*Interest on loan capital included above	<u>81</u>	62	163
2 Teration		•	

The charge for taxation is based on the estimated percentage tax charge for the full year. Comparative figures for taxation for the half-year to 30 June 1984 have been restated to reflect the effective rate of tax applicable in the full year to 31 December 1984.

3. In the half-year to 30 june 1984 as a result of the changes in the Finance Act 1984, 2570m of deferred tax was provided out of accumulated retained profits, together with £80m (net of deferred tax credit of £44m) to cover diminution in value of the Group's tax-variable leasing portfolio.

4. Earnings per share are calculated on the 'Group profit after taxation and before extraordinary item' of £174m (half-year to 30 June 1984: £127m, year to 31 December 1984: £286m) and on the weighted average of 360m ordmary shares (half-year to 30 June 1984: 310m, year to 31 December 1984: 325m) in issue during

Movements in the periods on the Group's provision for bad and doubtful debts were Provision brought forward... Exchange movements...... (32)39 67 52 119 41 160 (118) 19 (99) 104 137 241 110 351 (199) 57 (142) Amounts written off. Provision carried forward:

CONSOLIDATED PROFIT AND LOSS ACCOUNT (dited)
_	Half-Year to 30 June 1985	Half Year to 30 June 1984	Year to 3! Dec 1984
	EM	CM (restated-pote (a)) (n	EM.
Trading Surplus of the Bank and subsidiaries			
before deducting interest on loan capital	417	360	840
Current cost adjustments:			1
- Monetary working capital (note (b))	158	70	155
- Additional depreciation (note (c))	[_9]	<u></u> 6	18
			173 667
Share of current cost profits of associated companies	16	16	29
op-20 of telling ton product of the configuration			<u> </u>
Current Cost Operating Profit	266	300	696
Interest on loan capital	81	66	171
Less: Gearing adjustment (note (d))	78	32	78 93
Current Cost Profit before Taxation	 -	266	.603
Taxation	_177	175	395
	86	91	208
Minority interests and preference dividends	3	3	8
Current Cost Profit after Taxation and before			ĺ
Extraordinary Item	83	88	200
Extraordinary Item Current Cost Profit Attributable to		<u></u>	ļ
Ordinary Shareholders of the Bank	83	88	203
Ordinary dividends	36	31	91
Retained Current Cost Profit of the Group	<u>47</u>	57	112
Current cost earnings per share"	23p	28p	62p
*1984 figures adjusted for the effects of the rights issue in September 1984.			1

Retail Prices during the periods, to allow for the effect of inflation. The monetary working capital adjustment has been calculated by reference to changes in the UK Index of Retail Prices (or the overseas equivalent).

The additional depreciation charge is based on the excess of current cost values of

premises and equipment over the values in the historical cost accounts.

The gearing adjustment reduces the monetary working capital and additional depreciation adjustments by the proportion of capital, including deferred taxation, provided other than by shareholders' funds.

The Directors have declared an interim dividend for 1985 on the ordinary shares of 10.0p per share (1984 - 9.3p per share).

The interim dividend and the half-year's dividend of 2.45p per share on the Bank's preference shares will both be paid on 31 August 1985 to shareholders registered on 2 August 1985 to shareholders registered on 2 August

Copies of the Interim Statement will be available on request from The Secretary, National Westminster Bank PLC, 41 Lothbury, London EC2P 2BP

THE ACTION BANK AN NatWest THE ACTION BANK

This announcement appears as a matter of record only.

A new company, formed by its management, has acquired the following housebuilding companies: Roger Malcolm Limited, Ronking Services Limited and George Webb Homes Limited

Finance totalling £7,250,000 has been subscribed or made available by the management and the following institutions to finance the acquisition

APA Venture Capital Fund and APA Ventures II Causeway Development Capital Fund Charterhouse Development Capital Limited Charterhouse Development Limited **CIN Industrial Investments Limited** County Bank Development Capital Limited **Equity Capital for Industry** Fountain Development Capital Fund Investors in Industry plc Kleinwort Benson Development Capital Limited Schroder Ventures SUMIT

> Banking facilities were provided by Midland Bank plc

> > arranged by

CAUSEWAY CAPITAL LIMITED

Galleries joining USM

By Lucy Kellaway

CCA

CCA Galeries, formerly Christie's Contemporary Art, is joining the USM with a market capitalisation

USM with a market capitalisation of £3.3m.

De Zoete and Bevan are placing 1.4m shares representing 35 per cent of the company at 80p each. Of these Christies International, the fine art auctioneers, will be selling 432,000 shares to reduce its holding from 55 per cent to 35 per cent. CCA's directors are selling a further 290,000 shares, and the remaining 720,000 will be raising £420,000 for the company CCA commissions and deals in limited editions of signed prints The company was started 13 years ago to sell prints through mail order.

It quickly expanded into

mail order.

It quickly expanded into retail and wholesale, and has galleries in London, New York and Tokyo and sells through dealers worldwide. Last year overseas sales made up 46 per cent of the group total.

About half of turnover comes from commissioned work from relatively unknown artists, whose prints range in price from £30 to

prints range in price from £30 to £100, and the other half from

masterprints.

Turnover and profits have increased in each of the past 13 years with the exception of 1982, when the group chose a year of slump in the U.S. art market to none a gallery there. The open a gallery there. The directors forecast profits this year will not be less than £410,000 (£333,000).

At the placing price the shares are on a p/e of 12 after a 40 per cent tax charge. Assuming an annual dividend of 2.35p the yield is 4.2 per cent. Dealings start on August 5.

British Alcan is pessimistic after 13% drop midway

PROFITS OF British Alcan Aluminium dropped 13 per cent in the first half of 1985 to £22.9m before tax.

The leading British integrated aluminium producer blamed higher operating costs and lower selling prices on some products for the decline, which brought an end to a strong recovery by the group from heavy losses in 1981 and 1982.

Butteth Alegan which is wholly

in 1981 and 1982.
British Alcau, which is wholly owned by the Canadian aluminium group, also said that it did not foresee much, if any, improvement for the rest of the

Turnover was flat at £321.9m (5322.5m) and the company said that demand had been maintained at a volume similar to that of 1984. But lower prices, particularly on rolled product and ingot sales, and rising wage and energy costs had hurt profits.

To some extent, the energy cost increases were exceptional. In the early part of the year, the group's power station in Northumberland was closed because of the miners' strike, obliging it to buy power from the Central Electricity Generating Roard Board

Board.

Operating profit was down 12 per cent to £33.7m. The group repaid £17m of its £134.6m in long-term debt in the first half plus £4m of £56m subordinated debt from its parent company. But interest charges fell by only £0.9m to £10.8m, reflecting higher rates than in the same period last year.

The group has also begun the £2m half-yearly instalments toward reimbursement of the £11.8m in preference shares.

Attributable profit in the first

Attributable profit in the first half was £20.8m compared with £24.8m in the first half of 1984.

Control Techniques share placing via institutions

BY STEFAN WAGSTYL

Control Techniques, a manu-facturer of electronic drives for controlling electric motors, is the latest new issue to brave the stock market's current antipathy

towards high technology groups. The company is coming to the stock market by placing some of its shares with City institutions after rejecting the alternative route of a public offer for sale, which might have put a higher value on the group. value on the group.

Mr Trevor Wheatley, chairman, said the company had opted for a placing because of the turnoil in the stock market, particularly in the high technology sector.

Broker Rowe and Pitman has placed 2.52m shares in the company, or 25.2 per cent of the equity as enlarged by the issue. Just over 1m shares are new, sold to raise £1.43m to strengthen the group's capital and to help expansion, particularly in export markets.

markets.

The group will remain firmly under the control of Mr Wheatley and two fellow directors, Mr Ken Briggs and Mr Kevin Curran, who together founded Control Techniques in 1973. The three will speak for nearly 69 per cent of the equity.

The company, based in New-

port, Powys, in South Wales, makes electronic variable speed drives for controlling electric motors in a wide range of industrial processes, from steelmaking to textiles. The drives have power ratings ranging from 0.55kw to 1,000 kw.

The group's profits have grown from £59,000 pre-tax on turn-over of £1m in 1880, to £498,000 pre-tax on turnover of £3.7m in the year to September 1984.

Growth has been particularly rapid in the last two years, with margins improving as the company's sales increased. In the current year, Control Techniques made £356,000 pre-tax in the first six months on turpover of £2.697m and is forecasting not less than film for the year to less than film for the year to September, or earnings per share of 8.21p on a 28 per cent tax

At the placing price of 115p, the shares are valued at 14 times forecast earnings.

The group is also forecasting a 1.8p dividend for the year. The directors indicate that had the company been listed throughout the year, the dividend would have been 2.7p, giving a yield at the placing price of 3.35 per

Aaronson over £2m at halfway and confident for year

and the directors add that it has continued to improve:

The current high interest rates and the strength of sterling especially against European currencies, is affecting profitability, although the second half will benefit from the rights issue.

Tax increased from £402,000 to £540,000, and minorities took £5,000 (credit £2,000). There was a £564,000 (£99,000) extraordinary charge arising from the reorganisation of Union Veneers.

comment A 15 per cent increase in profit

FOR THE half year to end March 1985 Aaroason Bros, chipboard manufacturer, has lifted pre-tax profits by 15 per cent from f1.84m to £2.12m, and the directors are confident of the group's future progress.

They are paying an unchanged 1.2p interim dividend on capital increased by the one-for-four rights issue in April. Net earnings per 10p share are shown ahead from 5.09p to 5.19p.

Turnover, excluding its subsidiary Union Veneers which was reorganised in April 1985, increased by over 10 per cent, and the directors add that it has continued to improve:

The current high interest rates and the strength of sterling, will be higher than last year, will be higher than last year, and the strength of sterling and the strength of sterling its new found strength, \$2.4m would be a reasonable successfully against European currencies, is affecting profitability, although the second half will benefit from the rights issue.

Tax increased from \$402,000 extension to the existing produc range should start boosting sales by the end of this year. A prospective p/e ratio of about 8.5 makes the shares down 7p to 98p look like a good long term bet for anyone who feels that sterling is not at the bottom of a steep incline.

Base Rate Change

BANK OF BARODA

Bank of Baroda announce that, for balances in their books on and after 31st July, 1985 and until further notice their Base Rate for lending is 11½% per annum.

HALF-YEAR REPORT

(unaudited)

Group turnover and trading profits in the first six months of 1985 were a record. Group profits after interest at £53.9 million were slightly down on last year as a result of higher interest rates and increased

Both tobacco and non-tobacco operations progressed with trading results from the non-tobacco sector 23% ahead.

	six months	ended	year ended
	30.6.85 £ million	30.6.84 £ million	30.12.84 £ million
Group sales	1,494.1	1,355.1	2,839.1
Group trading profit	65.9	60.8	122.2
Interest charges	(12.0)	(5.4)	(14.0)
Group profit before taxation	53.9	55.4	108.2

<u>Tobacco</u>

Following a very strong first quarter helped by trade stocking prior to the Budger, the second quarter showed the expected sharp drop. Nevertheless, trading profits for the full six months were 3% ahead at £45.1 million. Export sales were well up as were results from overseas tobacco

Optical

Sales moved ahead further in the second quarter to show a rise of 15% for the half year. Profits followed the anticipated dip in the short term, resulting from increased marketing expenditure in the UK.

Engineering

Profits showed an improving trend in the second quarter both in the UK and many export markets. However, in Africa results are still below last year.

Distribution

The good start seen in the first quarter continued and half year profits were 40% ahead, helped by excellent results from Forbuoys.

Office Products

Second quarter profits were 20% ahead of last year and more than offset the slow start to the year. Exports have been particularly buoyant and the overall trend is encouraging.

Housewares

Prestige has made steady progress helped by good export sales. Conversion of overseas profits has been affected by the stronger pound.

S. G. CAMERON, Chairman

Gallaher Limited, 65 Kingsway, London WC2B 6TG. Tel: 01-242 1290. Telex: 25505.

July 1985





BOND CORPORATION HOLDINGS LIMITED

Rights issue of 58,035,425 New Ordinary Shares at A\$1.00 per share to raise A\$58 million

Underwritten by:

COMPANY NEWS IN BRIEF

HIGHGATE & JOB Group, protein meal producer, made a taxable profit of £79,000, against £24,000, for the year to end-March 1985. Turnover was down from £6.45m to £5.14m. There is still and distinct of the year to end-March 1985.

ADAMS AND GIBBON'S board says it has noted the announcement of the unsolicited offers by BSG International. The board of A & G is consulting with its advisors, and will inform shareholders of its detailed views in due course. The board also notes that the cash alternative for each A & G ordinary share is only 10p more than the Keep Trust unsuccessful offer which lapsed in June. In the meantime, shareholders are advised to take no action.

action.

COSALT, the Grimsby-based ships chandlery to caravan group has announced that it has acquired the goodwill and stock of Oddy Hydraulics. The business of Oddy has, to date, been in the field of manufacturing hydraulic sensors and related hydraulic design services to such organisations as the NCB, CEGB, and to the gas, chemical and oil industries, together with a number of public utilities. The existing directors and staff are joining Cosalt and will continue to provide the services of the to provide the services of the company to existing customers.

GKN is considering selling louic Plating Co to its management. Ionic will not now be included in the sale of certain GKN subsidiaries to F. H. Tomkins as previously amounced, included in the sale of included in the sale of certain GKN subsidiaries to F. H. Tomkins as previously

THE interest rate for this weeks issue of local authority bonds is 10% per ceut, down § of a percentage point from last week and compares with 12 per ceut a year ago. The bonds are issued at par and are redeemable on August 6 1998

STAVART ZIGOMALA, furniture wholesaler and investment company, reports net profits of £34,774, against £34,739, for the year to end-March, 1985. The result was struck after depreciation and amounts written-off of £7,089 (£4.734) and tax of £14,447 (£12,749). The single final dividend is being raised to \$.12p (7.28p).

TEMPLE BAR Investment Trust's net asset value per 25p share stood at 143.89p at the end of the six months to June 30, 1985. This compares with 136.82p six months previous. Attributable profits for the period rose from £1.77m to £2.02m. The interim dividend is being raised to 2p (1.65p) to reduce disparity.

BBA's agreed offer for Synterials has become unconditional as to acceptances.

> LADBROKE INDEX 933-937 (+6) Based on FT Index Tel: 01-427 4411

Hungarotex Foreign Trading Co.

NOK 200,000,000 Fixed rate term loan 1985 - 92

Guaranteed by **National Bank of Hungary** (Magyar Nemzeti Bank)

> Arranged by Union Bank of Norway

> > Provided by

Union Bank of Norway Sparebanken Rogaland Sparebanken Nord Gudbrandsdal Sparebank Sparebanken Vest Sparebanken Vestfold Tromsø Sparebank

Sparebanken Midt-Norge Eiker Sparebank Sparebanken Møre Sandefjordbanken Sparebanken Fredrikstad Sparebanken Inn-Trøndelag Spareskillingsbanken Trøndelag



Domestic name: Fellesbanken A/S

This Advertisement is issued in accordance with the requirements of the Council of The Stock Exchange. Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the entire share capital of CCA Galleries plc, issued and to be issued, in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing. A proportion of the shares being placed is available to the public through the market during market hours today.

CCA Galleries plc

(Incorporated in England under the Companies Acts 1948 to 1967 - No. 1073059)

Placing by de Zoete & Bevan

of 1,442,000 Ordinary shares of 10p each at 80p per share

Authorised

£549,000

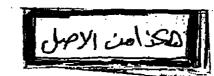
SHARE CAPITAL Ordinary shares of 10p each

Issued and w be Issued fully paid

The principal activities of CCA Galleries plc and its subsidiary are publishing and dealing in limited editions of signed original prints and sculpture by 20th century artists in the United Kingdom and overseas. Particulars of CCA Galleries pic are available in the Extel Unlisted Securities Market Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 15th August, 1985, from: -

> CCA Galleries plc, 8 Dover Street, London W1X 3PI

de Zoete & Bevan, 25 Finsbury Circus, London, EC2M 7EE



FT COMMERCIAL LAW REPORT

Charterers not liable for delay at sea-line, says Appeal Court

THE NOTOS Court of Appeal (Sir John Donaldson, Master of the Rolls, Lord Justice Parker and Lord Justice Balcombe): July 29, 1985

overs

for year

WHERE A charterparty provides that the charterer shall order the vessel to a sea-line for delivery of cargo, but that he shall not be liable for delay for any cause whatsoever over which he has no control, his failure to order her to the only sealine at port of discharge does not deprive him charge does not deprive him of pretection from liability for delay if the vessel is pre-vented by swell from getting into or remaining in berth.

The Court of Appeal so held when dismissing an appeal by Maritime Corporation of Monrovia, owners of the Notos, from Mr Justice Leggatt's decision on an appeal from arbitrators, that the charterers, Société Anonyme the charterers, Société Anonyme the giving of notice of readiness Marocaine de L'Industrie du Raffinage, were not liable for two periods of delay in discharge argo.

He for the arbitrators device.

The Al Idried which had been

Before the arbitrators demur-

Mr Justice Leggatt upheld the award for periods A and B, but held there was no liability at all

to periods A and C.

Clause 1(b) of the STB VOY form of charterparty provides:

"The vessel shall load a cargo .. and shall then proceed to a submarine line as ordered by charterer in one or more ports or places specified."

The vessel shall then proceed to events which prevented by charterer in one or more ports or places specified. by charterer in one or more ports or places specified . . and there deliver cargo."

Clause 6: "Upon arrival ... the Master shall give the charterers notice . . that the

M

111

* 1

If however demurrage shall be incurred at ports of ... discharge or delays by reason of ... storm or ... lockout .. such or delays by reason of storm or . . lockout . . such demurrage shall be calculated at one-half rate specified . . . Lay-time shall not run or . . demurrage shall not accrue for any delay caused by strike, lockout . . or any other cause of whatsoever nature or kind over which the charterer has no control."

SIR JOHN DONALDSON, Master of the Rolls, said that a dispute arose between owners and charterers of the Notos concerning the latter's liability to demurrage consequent on delay in discharging a cargo of crude oil at Mohammedia in 1982.

The charter was in the STR charterers of the Notos concerning the latter's liability to demurrage consequent on delay in discharging a cargo of crude oil at Mohammedia in 1982.

The charter was in the STB VOY form and named the discharge port as "one safe sea-line Mohammedia."

Teachatie on arrival."

Charterparties were commercial contracts and fell to be construed as such. The obligation under clause 1(b) to nominate a "submarine line" was otiose or fulfilled where the vessel was required to go to a port which only had one such line.

Before the arbitrators demurrage was claimed by the owners for three periods of delay, A, B and C. They awarded that the charterers were not liable for demurrage for period A; that they were liable for full demurrage for period B; and that they were liable for half demurrage for period C.

The Al lorissi, which has been using the sea-line until 4S hours earlier, was at anchor awaiting weather conditions which would period the return to return to it. That happened at the end of the period. Throughout the period the Notos was at anchor awaiting her turn at the sea-line until 4S hours earlier, was at anchor awaiting period. Throughout the period the Notos was at anchor awaiting her turn at the sea-line until 4S hours earlier, was at anchor awaiting period. That happened at the end of the hours earlier, was at anchor awaiting the sea-line until 4S hours earlier, was at anchor awaiting the sea-line until 4S hours earlier, was at anchor awaiting the sea-line until 4S hours earlier, was at anchor awaiting the sea-line until 4S hours earlier, was at anchor awaiting the ho The Al Idrissi, which had been

Mr Phillips, for the owners, submitted that the charterers could not rely on the last sen-tence of clause 6 of the charter-

(1) The clause only applied (3) As the charterers had to events which prevented a chosen to own and control a seavessel getting into berth after line which was naturally subject the charterer had fulfilled his contractual obligations to nomi-

such delay shall not count as lay-time or as time on demurrage." Although clause 6 in

charterers in the present case line Mohammedia" the charterers ever made such a nomination.

The submission was not accepted. The basis of the argument was the House of Lords decision in the Loura

charter, clause 9 in the latter was materially different from any Notos clause, and in particular from clause 1(b).

claim that the effects of the swell were beyond their control, in that they owned the sea-line, was again rejected.

In the Notos charter the obligation was to nominate a discharging line upon or before the vessel's arrival (clause 1(b)). In the Laura Prima charter the obligation was to "designate and procure" a berth "reachable on arrival."

Although the Laura Prima charterers did nominate and procure a berth, it was not reachable on arrival."

unnecessary step of nominating was a breach of 1(b), "berth" in the last sentence of clause 6 could only refer to that sea-line. The Laura Prima decision was distinguishable because there was no "berth" within the meaning of that sentence. Although there were a number of berths, none was "reachable on arrival."

(2) The swell could not be said to have delayed the vessel from getting into berth since, in the absence of swell, the sea-line would have been occupied by the Al Idrissi.

That submission would be accepted so far as it went, but it did not go very far. The Al ldrissi needed X hours on the sea-line to complete discharge, and to that extent Notos was delayed by congestion. But Al Idrissi went back to the sea-line in period B and while she was there demurrage accrued.

to swell, the effects of that swell were not beyond their control. nate a discharging sea-line.

There was no evidence that the the sea-line was "one safe sea-line Mohammedia" the charterers in the present case

Mr Justice Leggatt was right to hold that no demurrage was payable in respect of period A. which the Notos had to leave the sea-line because of the swell and time or as time on demurrage." Although clause 6 in the Notos the charterers relied on clause 8
Clause 8: "Charterer shall pay charter was almost identical to Mr Phillips's argument that the demurrage per running hour. . . . chause 6 in the Laura Prima charterers were not entitled to

of the second and third sentence

demurrage, demurrage should be calculated at half rate.

dition that their occur should be something over which the charterers had no control. "Storm" must be in that "Storm" must be in that category, and "lock out . . in or about the plant of the charterers" could almost never be.

demurrage, and provided that time should not count for either purpose during delay "caused by strike, lockout . . . or any other cause of whatsoever nature . . . over which the charterer has no control."

Mr Phillips submitted it would be absurd if a storm could create a half-rate demurrage situation, whereas the lesser peril of swell suspended all demurrage. He said the third sentence should be con-strued as referring only to delay caused by failures on the part of

While it was accepted that, so far as possible, the clause must be given a sensible construction, the suggested restricted construction was impossible in the presence of "whatsoever nature or kind."

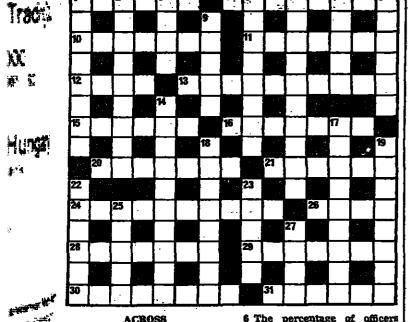
Delay by storm would always fall within the third sentence, and its inclusion in the second sentence was merely another example of the shipping com-munity's regrettable habit of without considering what, if any, modification should be made to the rest of the charter.

Clause 8 applied and no demustage accrued. The appeal should be dismissed. Lord Justice Parker and Lord Justice Balcombe agreed.

Phillips QC and Jonathan Birst (Holman Fenwick & Willan). Period C was a period during Clarke QC and Stephen Tomlin son (Knocker & Foskett, Seven

By Rachel Davies

F.T. CROSSWORD PUZZLE No. 5,783



(5)

ACROSS

1 Get ready for the spring (6) 4 Glasses for those used to having a nip (5-3)
10 Lover gives Biblical character away (7) ter away (7)

11 Behave oneself, or bave a romp around in bed

romp around in bed (7)

12 Anxious to show how cutting you can be? (4)

13 The old bone-shaker is a strangely-loved piece (10)

15 Saucy, if horsy, some might call her a dish (6)

16 A febric in dispute (2 5)

17 Anxious to show how cutting you can be? (4)

18 Heroic Greek units holding an elevated position (8)

19 Incline to wither in general call her a dish (6)

16 A fabric in dispute (2, 5)

29 Forward some mapor (7)

(8)

20 Forward some money (7)
21 He knows how to carry drink (6)
22 Thornto to wither in general (8)
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29 One glib misrepresentation is

base (7)
30 One who tries to be a writer? (8) 31 A perfume on the up-grade

DOWN 1 Nuts go well with cheese (8)
2 Such a discussion gives opportunity for falling out (4-5)
3 Thunderous applause? (4)

5 Rudimentary hat I once re-placed (8)

GONVER BRIGHAL
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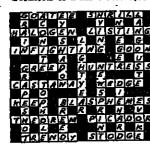
newly 27 We bear it (4) Solution to Puzzle No. 5,782

(6)
23 There's scope for a doctor

percentage of officers

8 Music maker's last letter takes it to her (6)

9 He doesn't do much to earn his reputation (5)



INVEST IN 50,000 BETTER TOMORROWS!

50,000 people in the United Kingdom suffer from progressively paralysing MULTIPLE SCLEROSIS — the cause and cure of which are still unknown — HELP US BRING THEM RELIEF AND HOPE.

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The Multiple Sclerosis Society of G.B. and N.L.
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£27m redevelopment of Barkers store

LAING MANAGEMENT contracting has been selected to manage a £27.5m refurbishment of Barkers, the High Street, Kensington, store. Project Management International, acting as project managers for ing as project managers for House of Fraser, awarded the contract to Laings. The project will provide 225,000 sq ft of office space, a new compact store and shopping of 200,000 sq ft. Car parking is provided for 100

Main feature of the building Main feature of the building will be the creation of a large atrium topped by a glazed barrel vaulted roof, and reached by a concourse from Derry Street. The facades of the building are listed and will be refurbished.

The programme calls for the creation of a temporary store in the western half of the building to permit the development of

CARBONHALL ENGINEERING, Stonehaven, Scotland, has been awarded a 52m order by Marathon Oil UK for design and fabrication of temporary accommodation units for Marathon's Brae B platform currently under development for the UK sector of the North Sea. Construction is scheduled to commence shortly on the four-storey complex, which will provide living accommodation and offices for 228 personnel who will be employed on the platform during the hook-up phase of the project.

The Royal Brunei Armed Forces has placed an order worth about 12001,000 for shipborne anti-aircraft gun training systems produced by the electro-optics department of FERRANTI DEFENCE SYSTEMS, Edinburgh. The order covers four training aids, three of which will be installed on board fast patrol boats armed with 30mm twinboats armed with 30mm twin boats armed with 30mm twin-barrelled anti-aircraft guns. The fourth set will be used for shore-based training. The training aid comprises a display unit and an input video control unit in a control room. The display unit is mounted on the gun's sight. A simple adapter injects a simu-lated target into the sightline of lated target into the sightline of the gunsight. The instructor monitors the gunner's tracking

Daewoo personnel will be com-pleted by February 1986. The order covers a Maxicheck Co-ordinate Measuring Machine (CMM), two of the medium-range Merlin CMMs and a comprehen-sive range of software for pro-filing, gear checking and statistics.

sonnel who will be employed on the platform during the hook-up phase of the project.

A Hampshire company has secured a £450,000 contract to supply specially-adapted tropical ambulances to the Hong Kong Government. WADHAM STRINGER COACHBUILDERS at Waterlooville is building 29

Following trials of a custom-built computer-based test system from AUTOSENSE SYSTEMS, Hoover has ordered more than 30 systems worth over £500,000. They will be used to test ambulances to the Hong Kong Government. WADHAM stringer COACHBUILDERS at Waterlooville is building 29

NOTICE TO HOLDERS OF UNITS IN THE KOREA TRUST

NOTICE IS HEREBY GIVEN that the Manager for the subject Trust, Dashan Investment Trust Co... has confirmed that the fourth distribution is to be made on and after Judy 30, 1985. Record date for this payment was June 30, 1985. Unit holders may now present Coupon No. 4 to the paying agents listed below. Value of the distribution is WON 509 per unit which will be peak in U.S. dollars at the current dollar selling rate quoted by the Kores Exchange Bank on the day that remittance of dividends is made.

reduced withholding tax rates:—

15%— Australia. Bengladesh, Belgium, Denmark, Finland, France, Malaysia, Ngtherlands, New Zeeland, Norway, Singapore, Sweden, Switzerland, Urated Kingdom, West Germany.

16.125%—U.S.A., Canada.

12%—Japan,
The valid affidavit required by the Korean Tax authorities must take the form of a copy of a pasaport. I.D. Card, Certificate of incorporation, or Certificate of recipient sized by Federal or Local Government, An amended affidavit form C as used for the U.K. tax authorities is not acceptable.

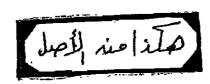
Residents of Reliquim and the Netherlands should surrender two original copies of

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India cuts minimum tea price

THE INDIAN Government yes don tea auctions hit record terday bowed to intense pres- highs after India imposed a sure from the country's tea ban on exports of its main CTC industry and cut its minimum (crush, tear, curl) variety, for export price for tea, following the first time in the industry's the recent collapse in world history. Then in September, the prices

The minimum for South Indian tea is reduced to Rs 18 kg, and that for the North Indian variety to Rs 22. Both were previously set at Rs 26, and the opening up of a differential between them reflects the fact that local auction prices in South India have dropped faster than those in the north.

The move, announced yesterof line with world market reality. But for the moment at deast, they may not be able to capitalise on it as much as they would like, owing to the con-tinuing 220m kg ceiling on ex-

The fading of the recent world tea boom has left the industry in a state of flux, struggling to cope with mounting domestic surpluses and chafing at increasingly unpopular Government controls. compared
Last year, prices at the LonRs 31.17.

Government decreed that over-all tea exports in 1984 should be limited to 215m kg—which helped to keep world prices high for a while. Only six months ago, the aver-

age London auction price stood at 277p per kilogram. Then came the crash; it is now barely half that level.

In the meantime, the prosday by the Commerce Ministry, will come as a considerable relief to exporters and planters, as the minimum export price to the fall in the world has looked more and more out market—and caused mounting distress for many growers, par-ticularly in small tea gardens in the south of the country, for whom production is reported to be becoming uneconomic.

> Tea auction prices bave on average fallen by 10 to 15 per cent in northern India to an average of Rs 24 per kg against Rs 29 this time last year. In the south, the drop has been even more pronounced; the price is currently around Rs 20 per kg with last year's

India's production target for the whole of this year is 655m market surveys, it is unlikely to exceed 415m to 420m kg.

That could mean there will kg, compared with actual production of 645m in 1984. But on the evidence of the first five months of this year, the industry is already on course to exceed that target by a considerable margin. Production between January and May totalled 165.72m kg, 11.46m kg above its level in the same period of

In fact, production has exceeded targets in every year since 1983—by 50m kg last year and 23m kg the year before. As a result, between 30m and 35m kg of tea was carried forward into this year as a surplus

inventory.
Meanwhile, there has been hardly any relaxation in quanti-tative control on exports. This year's export ceiling is only 5m kg higher than the 1984

The export limit is officially rne export timit is omciative explained by increasing consumption of tea within India. The Government has been keen to avert domestic shortages which would cause prices within the country to rise. But domestic consumption last year fell short of the Government's expectations — it totalled only 400m kg as opposed to an anticipated 420m.

be a substantial surplus of tea to be carried over into next season, too.

Hence the industry's concern.

While the minimum export price remained at Rs 26, exporters complained that com-petitors like Sri Lanka and Bangladesh were making inroads into the market at much keener prices.
The industry argues that

demand for quality grades is holding up well in the world market. (The collapse in prices has been blamed by some pro-ducers on a glut of poor quality

In particular, new customer in Africa and Asia are said to be showing interest in Indian tea. For example, China has just concluded an agreement to import Im kg of Indian tea, and could conceivably become a regular importer of Indian produce if supplies can be assured.

Before relaxing the limit on exports, however, the Govern-ment would probably prefer to wait until next September, when the final size of this year's crop

Coffee export quotas reduced

REDUCTION in International Coffee Organisation export quotas of 1m bags (60 kilos each) was triggered yesterday when the ICO's 15-day moving average price fell below 120

cents a pound.

The global quota was cut to 58m bags from 59m, its second reduction this quarter. The ICO 15-day average stood at 119.72 cents, and looks likely to certify the delivered of the delivered follows as the delivered follows. continue falling as the daily price was quoted at 116.30 cents. The London futures market shrugged off the move, which was expected, but rose £7 to £20 on the day on continuing uncertainty over the effects of the Ugandan coup.

The ICO has now exhausted in the ICO has now exhausted i

its armoury of automatic weapons against the slide in coffee prices until the end of September. Any further reduc-tion in quotas would have to be agreed by a special meeting of the Organisation's executive

WEEKLY METALS

All prices as supplied by Metal Bulletin.
ANTIMONY: European free market, 99.6 per cent, \$ per tonne, in warehouse, 2,750-2,825.
BISMUTH: European free market, min 99.99 per cent, \$ per lb, tonne lots in warehouse, 4.10-4.30.
CADMILIM: European free CADMIUM: European free market, min 99.95 per cent, \$ per lb, in warehouse, ingots, 0.80-0.88 sticks, 0.88-0.94. COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 11.35-11.45.

MERCURY: European free market, min 99.99 per cent, \$ per flask, in warehouse, 282.295.

MOLYBDENUM: European

MOLYBDENUM: European free market, drummed molybdic oxide, \$ per lb Mo, in warehouse, 3.10-3.20. SELENIUM: European free market, min 99.5 per cent, \$ per lb, in warehouse, 6.80-7.60. TUNGSTEN ORE: European free market, standard min 65 per cent. \$ per tonne unit WO1. c.i.f. 63-69. VANADIUM: European free market, min 98 per cent V.O., other sources, \$ per Ib V.O., c.l.f 2.15-2.25.

ANOTHER ROW is brewing beween the European Commission and the grain trade, this time over Brussels' attitude towards barley export subsidies. As the conflict flares Britain risks losing an important share of its valuable export trade in the Middle East to cut-price Spanish competition, shippers say. The result could be a de-

> strains.
>
> The duel between the Commission and multi-national shippers is nothing new. It revolves around the Commission attempting to secure the lowest bids from exporters in order to the lowest restitution to bring high EEC prices down to world levels. Frequently, however, there is sharp disagreement be-tween the two parties over what that world level is.

strains.

Events of the past week have focused attention on the problem with the revelation that Spain is unloading its large barley surplus onto the world mar-ket with extraordinarily large subsidies. Often a big importer, Spain has had great success with domestic crops recently and is now believed to have at

tember and possibly to as much as 800,000 provided internal transport can cope with the logistics of running record loads to port areas. If that were not enough it is believed another though it is believed another than tonnes of barley may be available for export later, enough to push the EEC out of the market until October or November.

EEC row brews as Spanish

subsidies hit barley exports

vention and further budgetary traders say. In the season now closing Britain managed to overcome an embarrassing 4.4m tonnes of barley surplus by ex-porting 3.6m tonnes thanks to heavy demand from Saudi Arabia, other parts of the Middle East and the Soviet Union. This was also helped by early appreciation in Brussels of the need to ship as much as possible at the start of the season when EEC prices of the season when EEC prices

are lower. This season the world mar-ket is tipping back firmly to surplus, and Spain has decided to waste no time in offloading its supplies before its compet-tors, using an appetising \$55/65 per tonne subsidy to cut prices and is now believed to have at as low as \$87 per tonne fob. least 300,000 tonnes for August/ Add to this Spain's freight adsequences expect this trade to in- it is small wonder that sales

crease to 600,000 tonnes by Separe booming in the lucrative tember and possibly to as much Saudi/Mediterranean markets which looked so secure for Britain just a few weeks ago.

"In order to compete we would have to sell barley at enough it is believed another L5m tonnes of barley may be available for export later. enough to push the EEC out of the market until October or November.

The implications for UK barley exporters are ominous. Taders say. In the season now would have to sell barley at some shipper, who notes Brussels last week received exporter bids to ship 130,000 tonnes but through in-adequate subsidy secured sales of a "pairry" 25,000 tonnes at \$92. So far this season the farley exporters are ominous. total only 80,000 tonnes for both wheat and barley against 1.8m at this time last year.

Canada, too, has sold cut-price barley, with a big increase expected in its own crop. About 100/150,000 tonnes have been booked out of Churchill port at prices which work back to a shipped value of \$90.

Multinationals are now seek-ing renegotiation of some con-tracts so as to switch the EEC sales to Spanish origin if the Commission will not budge with higher subsidies. The Australians are also expecting another bumper barley crop and have indicated prices of \$90 per tonne with forward discounts from December onward. Even new crop maize from the U.S. Gulf looks a good buy, says one importer.

Substantial rise forecast in aluminium market

ALUMINIUM PRICES are set Mr Adrian Ham, former comfor a substantial improvement mercial director of British in the next two years as a result Alcan Commercial Extrusions, of rising consumption and demaintains that the cutbacks pleted stocks, according to a re-port published yesterday by the Economist Intelligence Unit.* "Pi It says that although consump-

tion is unlikely to grow as fast as in the 1960s and early 1970s, "aluminium has yet to reach nasturity—that is to say, its use will continue to grow faster the prices," it says. "aluminium has yet to reach maturity—that is to say, its use will continue to grow faster than industrial production in key markets such as the U.S." The report comes against a background of depressed prices, despite the announcement of production cutbacks by several large primarily North American

It concedes that by the end of May, the figures indicate that relatively little capacity had actually closed. But its author,

Exchange to consider copper contract change

BY ANDREW GOWERS

PLANS TO set up a new highquality corper contract on the London Metal Exchange will be discussed by a special joint meeting of the market's board could begin to bite later this management committee

next Tuesday.

The new contract, known as "Producers are now paying the price for the very large and "grade A copper," is part of a compromise proposal put forward this week by an LME working party set up to study the restructuring of the market's key copper contracts carlier this wear. Apparent consumption — in-cluding changes in consumer earlier this year.

earlier this year.

The grade A contract (its name may be changed later) would allow for delivery of selected higher-grade cathodes and wirebars. The present higher-grade contract would be replaced by a new catch-all standard copper contract, which would take in all brands.

The idea of introducing a new stocks—is forecast to rise by 1.6 per cent this year and 4.4 per cent next, while production is expected to fall by 5.9 per cent in 1985. *Aluminium to 1990: prospects for recovery by Adrian Ham: £120 from Economist Intelligence Unit, 40 Duke Street, London WIA 1DW.

contract comes in response to mounting pressure from indus-try, which claims that the present contract artificially de-presses the price of high-quality cathodes.

There will probably be price differential between the two contracts most of the time, although under the working party's proposal this would not be fixed.

A member of the working party conceded that the proposal fell short of producers' demands, and ran counter to some LME members' wishes. He also agreed that there could be liquidity problems in the specialised contract as pro-

posed.

But he said the market was aware of the need to make up its mind quickly on the future URANTUM: Nuexco exchange value, \$ per lb U₂O₆, 15.00.

U.S. agency calls for futures insurance study

BY NANCY DUNNE IN WASHINGTON

THE U.S. Commodity Futures Trading Commission has asked the National Futures Association and the U.S. Commodity Exchanges to examine the pos-sibility of offering commodity account insurance to protect futures investors from loss through fraud, company insolvencies or mismanagement.

The recommendation, growing out of the default in March of Volume Investors Inc., heads the list of proposals by CFTC staffs designed to protect the integrity of the U.S. futures markets. Volume Investors Inc. was unable to meet margin calls on gold options when, in mid-March, the gold market ex-perienced a sharp price surge.

Last week the CFTC staff recommended changes in the minimum financial requirements for futures commission brokers Proposed guidelines concerning option margin rules would re-

In a study on commodity account insurance released on Monday, the CFTC division of trading and markets discussed the growth of institutional participation in the markets in fin ancial contracts

COTTON 50,000 lb, cents/lb

Further fall

THE SLIDE in soyabean and soya proudct prices on the Chicago futures market is showing no sign of abating against a background of good growing conditions in the U.S.

prime soyabean growing regions. "This prediction for the critical month of August seems to point to a good har-vest," said one analyst.

CHICAGO

LIVE CATTLE 40,000 lb. cents/lb

LIVE HOGS 30,000 lb, cents/lb

LONDON MARKETS

CONTINUED HEAVY tendering of physical supplies against the expiring July cocoa futures position pushed the price down again on the London market. July cocea ended the day £38 down at forward positions were some-what firmer following Mon-The sharp falls. September position finished £4 up at £1,665.50 a tonne and bigger gains were registered in more distant months. Continental demand.

Robusta coffee futures were also modestly higher with the September quotation gaining £11 to £1.540 a tonne. The market operated in a fairly narrow range with short covering halting any decline

ALUMINIUM

Unofficial + or Highilo |close(p.m.) ~ £ per tonne 710,5-1.5 + 6.5 710 732-3 + 6.25 | 785:780 5 months Official closing (am): Cash 709.5-10 (709-10); three months 730.5-1 (730.5-1): settlement 710 (710). Final Kerb Close: 731-2, Turnover: 8,575 tonnes. WICKEL

COPPER

Higher grade Unoffic'i | + or | High/Low Cash (1988-2 -4) 1896/1985 Three minths: 19485-5 |-7.5 ! 1855/1945 COPPER HIGHER GRADE Clash 1090-2 (1087-90); three months 1054-5 (1054-5); settlement 1092 (1090), Final Kerb

Cathodes 10154 +1.5 1015 Cash 10245 -7.5 Official closing (am): Cash 1013-4 (1012-5): three months 1031-3 (1032-4): settlement 1014 (1015). Turnever: 19.975 tonnes: U.S. Producer prices 68-71 Cents per bound.

LEAD

iUnofficial + or | High/Low Cash 290,5-1.5 +4.5 288.5 months 298.5 +4 309/294 Official closing (am): Cash 288.5-9 (284.75-5.25): three months 286.5-7 (283.5): settlement 289 (285.25). Final Kern Close: 287-8, Turnover: 9,225 tonnes, U.S. Spot: 19-21 cents per pound. NICKEL

Unofficial 4 or High low iclose p.m.) — £ per tonne

3525-30 +7.5 --3570 5 +7.5 3819/8585

ZINC

Official closing (am): Ceah 516-8 (622-4): three months 510-5 (514-5): settlement 518 (524). Final Kerb Close: 520-1. Turnover: 10,600 tonnes, U.S. Prima Western: 41-41.75 cents per pound.

MAIN PRICE CHANGES

Copper Cash h Grade... £1081 -4 £1084 5 mths ... £10425 -7.5 £1081.25 Gold troy cz ... \$325.75 -2.5 | \$309 Lead Cash ... £291 -4.5 £305.5 5 mths ... £298.25 +4 £303.76

NIT

COLD AND PLATIBLES COURS

SEEDS OTHERS

High grade Unofficial + or High//lor close(p.m). — for day £ per tonne

Official closing (sm): Cash 9081-2 (9070-5): three months 9080-1 (\$060-1): set/lement 9082 (\$075), Final Kerb Close: 9088-80, Turnover: 1,510 tennes. Straits tn \$m31.07 (31.05) kilo.

GOLD BULLION (fine ounce) July 30

Krgrnd . 333 3334 (£2534 £844)

2 Krug. \$1721-2.1734 (£1214 1314)

4 Krug. \$1721-2.1734 (£1214 1314)

4 Krug. \$274-8812 (£511-6814)

1/8 Krug. \$351-3614 (£851-264)

Maplelesi \$3334 336 (£8352-836)

New Sov. \$77-774 (£8252-836)

14 New Sov \$461-47 (£321-33)

0/d Sov. \$77-7612 (£54-551)

\$30 Eagle \$470 510 (£230-356)

Noble Plat \$288-2914 (£2024-2044)

Official closing (am): Cash 9081-2 (9075-80): three months 9060-2 (9060-5): settlement 9062 (9080). Standard Cash 9080 90 +10 80818085 5 months 9060 1 +3 9089/8061

LME prices supplied by Amalgamated Metal Trading

Gold fell \$2½ to \$325½-328 on the London bullion market yesterdey. It opened at \$323½-324½ and was fixed at \$323½ in the morning. This was around the day's low of \$232-323½. The metal was fixed at \$325½ in the eigenoon, and it touched a peak of \$325¾-326¼, finishing slightly below this level.

\$3251₂·326 (£?28·2251₂) \$3235₁·3241₄ (£2271₄·2273₄ \$323,25 (£227.048) \$325,86 (£228,358)

Silver was fixed 1.95p an ounce higher for spot delivery on the London bullion market yesterdey at 439.4p. U.S. cent equivalents of the fairs lavels were: apot 625.5c, up 2.7c; three-month 637.85c, up 2.3c; six-month 651.6c, up 2.3c; and 12-month 680.05c, up 3.85c. The metal opened at 440.443p (627.430c) and closed at 439.443p.

Cash high/low 439.5; three months.

LME-Turnover: 42 (47) lots of

ut (Phil) 8527.5x -2.5 \$500

Unquoted. u Aug. x Aug-Sept

Wheat fost 30p early in the day but regained the losses late in the day. Berley was steader on weather concerns, reports Muirpace.

Sept. 96.00 +0.15 97.75 +0.15 Nov. 101.40 +0.00 101.30 +0.15 Jan 105.05 +0.25 Mar. 106.05 +0.25 108.00 +0.86 May. 111.80 -0.05 111.00 +0.84 LONDON GRAINS-Wheat: U.S. Dark Northern Spring No. 1 15 per cent: Aug 118.50, Sept 117.85, Oct 119.40, Nov

118.50, Sept 117.85, Oct 119.40, Nov 121.80, sallers, transhipment Esst Coast. U.S. No. 2 Soft Red Winter: Aug 104.50, Sept 107.50, Oct 110.50. Nov 112.25, sellers. ECC July 117, seller. English teed, fob: Aug 20/Sept 10 38.50, Sent 99.25, sellers. Ecc July 17, seller. English teed, fob: Aug 20/Sept 10 38.50, Sent 99.25, sellers. East Coast. Markee U.S. No. 3 Yellow Franch, transhipment East Coact. July/Aug 136, sellers. Barley: English lead, fob: Aug 97, Nov 105, Jan/Mar 110.25, sellers. East Coast. Rest unquoted. HGCA—Locational ex-farm spot prices. Feed barley: S, East 92.40, S. Weer 92.70, W. Mids 91.00. N. East 92.30. The UK monetary coefficient for the week beginning Mondey August 5 (based on HGCA calculations using five deys' suchange nerse) is expected to

COCOA Although locked in a narrow range for most of the day, futures attracted renewed buying interest on the closing cell to and on a steady note. The serly lows appealed to consumers who made light forward purchases but producers ramained withdrawn raports Gill and

1693-1700 - 38.0, 1745-1697 1665-1666 + 4.0, 1665-1646 1659-1660 + 13.0, 1622-1643 1665-1663 + 10.0 - 1688-163 1686-1688 + 11.5 - 1688-1674 1707-1709 + 13.6, 1768-1662 1720-1729 + 16.0, 1714-1785 Sales: 3,563 (3,119) fots of 10

tonnes. ICCO Indicator prices (U.S. cants per pound). Daily price for July 30: 101.59 (101.42); five-day everage for July 31: 102.03 (102.15). COTTON LIVERPOOL—Spot and shipment sales amounted to 100 tonnes. Fair trading developed mostly in Paraguayan growths.

INDICES FINANCIAL TIMES July 29 July 26 M th ago Year ago 259.62 260,41 276.04 288.85

REUTERS July 30 July 29 Mith ago Year ago 1689.9 1700.9 1760.7 1878.1

(Base: September 18 1931 = 100) DOW JONES Dow July July Month Year Jones 29 26 ago ago

Seles: 3,388 (1,593) lats of 5 tonnes. ICO Indicator prices (U.S. cents per pound for July 29: Comp daily 1979 116,30 (115.84): 15-day average 118.72 (120.34). SUGAR

LONDON DAILY PRICE—Raw sugar \$113.00 (£78.50), down \$12.00 (down £8.00) a tonne for July-August-Sepamber delivery. White sugar \$147.50, down \$5.50.

The market railled \$2 from the previous close, fell back to unchanged but recovered towards the close, reports C. Czernikow.

Aug. 1118.118.9 112.2-113.6115.8-115.2
Cot 119.6-116.1 117.8-117.8-117.8-122.2-117.8
Dec 127.8-127.8-118.3-127.6-128.4
Bar 157.2-151.5 122.0-150.0154.0-128.1
May 185.2-155.0 151.6-155.0 157.0-155.0
Cot 148.0-141.0 150.8-140.0 141.0 Sales: 3,418 (5,882) lots of 50 Sales: 3,418 (5,982) lots of 50 tonnes.
Tate and Lyle delivery price for granulated basis sugar was £184.50 (£194.00) a tonne for export.
International Sugar Agreement—(U.S. cants per pound tob and stowed Caribbean ports). Prices for July 22: Daily price 4.26 (4.31); 15-day average 3.25 (3,14).

SOYABEAN MEAL The market opened 500 easier on commission house selling, reports T.G. Roddick Prices atesdied on commercial buying before starling

Sales: 1,222 (79) lots of 20 tonnes. RUBBER The London physical market opened unchanged, attracted some buying interest from INRO throughout the day and closed quiet, reports Lawis and Peat. Closing prices (buyers): spot 83.00p (same): Sept 59.00p (same); The Kuefa Lumpur 10b price for RSS No 1 was 191.0 OIL

oil firmed as a short-coverer was forced to pay a high price for physical gas oll, Forward periods were stable within active trading, Petroleum Argus, Lon-CRUDE OIL—FOB (\$ per barrel)—Aug.

Arab Light 27,65 27,15 25,65 28,16 25,86 25,86 25,86 25,86 20,075 Brent Blend 27,15 27,25 0.15 Forcados (Nigeria). 27,25 37,55 0.15 Forcados (Nigeria). 28 60 28,10 0.075

GAS OIL FUTURES Yest'day's + or Business Close — Done

POTATOES A slight rise in physical quotes, due to west weather reducing available supply, led to a brief but uncounting 50p ratly on the opening. Selling interest above £75.00, basis April, soon trimmed levels in quiet conditions, reports Coley and Narper. £ per tonne Nov. 56.20 56.10 56.80 75.10 74.70 74.70 74.70 80.80 80.80 81.00 Sales: 130 (786) lots of 40 tonnes

PIGMEAT Despite weakness in the spot August position prices closed on a steady tone due to short-covering and light fresh buying, reports CCST Commodities. p. per kilo (deadweight)

Levels stayed within a narrow range, eithough a new low was registered in October. With no follow through news in the physical market after Manday's fixture on Gult/Japan, the market lacked direction, reports Clarkson Wolff. The Baltin Freight Index was 728.5, down 3.5.

U.S. MARKETS Heinold Commodities. Copper was under pressure on dis-appointed long liquidation

NEW YORK

FREIGHT FUTURES

quire an exchange to demon-strate that is rules "ensure to the extent possible that the margin collected from a customer, including floor traders and other exchange members, is commensurate with the risk assumed by each customer.

in Chicago soya complex By Our Chicago Correspondent

Soyabean futures continued to set life of contract lows early yesterday, with the August contract down 3.75 cents to \$5.27 per bushel. The 30-day weather forecast Service predicts normal temperatures and rainfall for the

PRECIOUS METALS were steady reflecting a modestly weaker dollar but resistance continued above the market from dealer selling, reports

reflecting continued courselover the build-up in LME stocks. Aluminium was tone to sterling. Sugar was mixed with position squaring noted ahead of the EEC selfing tender. Cocoa traded moderately higher in featureless conditions, awaiting fresh news over new crop prospects. Coffee was mixed as good nearby supply availability offset the quota cut by the ICO. Cotton remained weak in re-

fractionally in light trading as markets attempted to sort out the seriousness of tight spot supplies. Grains and soyabeans came under steady systems came under steady pressure as precipitation pros-pects improved and relief for stressed production areas was anticipated.

ALUMINIUM 40,000 lb, conts/fb 45.30 46.25 47.25 47.00

COCOA 10 tonnes, 5/tonnes COFFEE " C " 37,500 lb, cents/fb

Prev 44.80 45.10 46.45 47.10 47.80 48.50 49.20 59.60 44.96 45.96 Ciose High Low 132.78 135.05 132.50 135.50 137.35 135.30 136.95 138.40 137.70 138.73 139.00 137.70 138.63 139.00 139.80 138.63 139.00 139.00 COPPER 25,000 tb, cents/ib High 62.40 Sept 62.50 Oct 63.50 Oct 63.75 Jan 64.25 March 64.66 Hay 65.06 July 65.40 Sept 66.95 Oct 62.50 61.15 63.50 62.30

25.08 24.97 MAIZE 5,000 bu min, cents/56tb bushel GOLD 100 troy oz, \$/troy oz Close 324.0 325.8 327.8 332.0 338.4 340.8 346.7 350.8 366.1 367.2 373.1 240.2 231.6 239.4 244.0 244.2 233.4 225.4 PORK BELLIES 38,000 lb, cents/lb 374.0 373.3 374.0 72.31
73.17
73.75
August S23.4
74.00
Sept 519.5
74.00
Nev 523.4
71.10
Jen 533.0
May 547.0
July 550.2
August 544.0
127.80
SOYABEAN MEA
124.50
Sept 124.50
Sept 123.5
Oct 123.5 ORANGE JUICE 15,000 fb, cents/fb High Love 132.10 131.06 129.00 128.00 125.56 124.15 126.25 124.05 Close 131.35 128.00 124.15 124.05 124.00 124.00 SOYABEAN MEAL 100 tons, \$/ton Close High Low 718.5 121.3 123.5 127.5 PLATINUM 50 troy oz. \$/troy oz Close High Low 280.6 280.0 280.0 282.0 284.8 279.5 286.7 287.5 284.0 291.8 284.0 290.0 307.0 281.6 May 286.3 July 286.3 SOYAL SOYABEAN OIL 60,000 lb. cents/lb SILVER 5,000 troy oz, conts/troy oz SUGAR WORLD "11" 112,000 lb, cents/lb SPOT PRICES—Chicago loose lard 17.00 (16.50) casts per pound. New York the 36-0-66.0 (595.0-37.0) casts per pound. Handy and Harman alivar 9828.5 (636.0) casts per troy ounce.

OTHER MARKETS

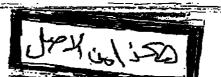
MEAT
SMITHFIELD—Pence per pound. Beef
—Scorch killed sides 76.0-81.0; English
iorequerters 53.0-55.0; Ulster hindquarters 53.0-55.0; Ulster hindquarters 37.5-91.0; Era hindquerters
37.5-91.0, Veal—Dutch hinds and sads
141.0-145.0. Lemb—English straff 68.076.0, medium 66.0-74.0, heavy 64.066.0; Scotch heavy 64.0-85.5; Importact
New Zealand PI 54.3-85.5, PX 64.565.5, Pork—English under 100 lb 49.556.0, 100-120 lb 48.6-95.0, 120-160 lb
47.0-48.0, MEAT COMMISSION—Averge fatstock prices at representative markets.
GB—Cattle 96.17p per kg lw (+0.31).
GB—Sheep 151.31p per kg est dcw
(+3.67). GB—Pigz 75.68p per kg lw
(-1.09).

SUGAR—(FFr per tonne): Oct 1285-1285, Dec 1295-1300, March 1346-1349, May 1365-1386, Aug 1420-1455, Oct 1450-1480, COCOA—(FFr per 100 kg): Sept 2013-2015, Dec 1991-2000, March 2005-2018, May 2010 bid, July 2015 bid, Sept 2020 bid. **WOOL FUTURES**

SYDNEY GREASY WOOL-Close (In

ROTTERDAM WHEAT-(U.S. 5 per tonne): U.S. No. 2 Soft Red Winter: Sept 132, Oct 135, Nev 137.50, Dec 138.50, U.S. No. 2 Northern Spring, 14 per cent protein: Aug 153, Sept 149.50, Oct 162, Nov 156.

U.S. Northern Spring, 15 per cent protein: Aug 160, Sept 158.50, Oct 160, protein: Aug 180. Sept 158.50. Oct 160, Nov 164.60. U.S. No. 3 Hard Amber Durum: Aug 159, Sept 156, Oct 160, Nov 164.50. Canadian No. 1 Westorn Rad Spring, 13.5 per cent: affact 163.50, Aug 163.50, Sept 162.50, Oct 164. Canadian No. 1 Western Amber Durum: Aug 170, Sept 171, Oct 174, Nov 15/Dec 15 178.



CURRENCIES, MONEY and CAPITAL MARKETS

STERLING INDEX

£ IN NEW YORK

July 30 Previous

FOREIGN EXCHANGES

pointed towards another base rate cut, declined to DM 4.00 from DM 4.03; FFr 12.1750 from FFr 12.2850; SwFr 3.2575 from SwFr 3.27; and Y3367 from Y3364.

P.MARK—Trading range against the dollar in 1985 is 34510 to 2.8170. June average 3.0639. Exchange rate index 125.6 against 120.4 six months ago.

The D-mark was firmer against fine dollar in quiet Frankfurt trading. The U.S. currency closed at DM 2.8215 compared with DM 2.83025 on Monday, and was soft throughout, falling to a low of DM 2.8150 on news of a larger than expected June U.S. trade deficit. Earlier in the day the

+1.00 -0.72 +0.23 -0.53 +0.02 -1.10

DOLLAR SPOT-FORWARD AGAINST DOLLAR

thy 30 surread Close One month p.a. months | 1,4778-1,4280 | 1,4225-1,4235 | 0,45-0,42c pm | 2,170,50-0,36 pm | 3,581-3,318 | 1,3504-1,3914 | 0,19-0,13c dis | -1,022,30-0,35 dis | -1,023,30-3,35 dis | -1,023,30-3,35 dis | -1,032,30-3,35 dis | -1,03

+0.72 +0.23 -0.53 +0.02 -1.10

EMS EUROPEAN CURRENCY UNIT RATES

45.2816 8.07045 2.24364 8.82750 2.52250

8.12957 2.23817 6.86402 2.52208 0.724578 1520:60

Dollar mixed but nervous

against the dollar in 1985 is 1.4298 to 1.0525. June average 1.2513. Exchange rate index fell 6.3 to 84.4. It opened at the day's peak of 84.6, and remained at, or close to that level, until falling to a low of 84.2 at 3 pm.

Sterling showed some late reaction to the cut in clearing bank base rates on Monday, and also suffered from anticipation of another reduction in London interest rates. The pound lost about \(\frac{1}{2}\) cent against the dollar in the morning, but failed to benefit from the dollar's midafternoon fail, weakening further against Continental currencies. Sterling fell 60 points on the day to \$1.4225-1.4235, and as London money market rates The dollar showed small mixed changes at the London close, after a move by the Federal Reserve to drain reserves from the New York banking system gave a late boost to the currency. Federal funds were trading at 7th pc at the time, slightly below the Federal Reserve's discount

7.4 pc at the time, slightly below the Federal Reserve's discount rate. Sentiment surrounding the dollar remained bearish however, and at one time it appeared the U.S. currency might test DM 2.50. This followed news of a U.S. trade deficit of \$13.40n in June, compared with market expectations of around \$120n, and the May deficit of \$12.67nn. A further sign of weakness in the U.S. economy was provided by a fail of 0.1 pc in new home sales, against a revised rise of 5.7 pc in May. Comments by Mr Malcolm Bahdrige, U.S. commerce secretary, about the need for a further substantial drop in the value of the dollar, to aid U.S. manufacturing, also contributed to the nervost tone.

The deliar fell to DM 2.5170 from DM 2.5190 and FFr 8.57

The Genar reli to DM 2.2176 from DM 2.8190 and FFr 8.57 from FFr 8.5950, but rose to SwFr 2.2955 from SwFr 2.2950 and Y237.30 from Y237.10. On Bank of England figures the dollar's index was unchanged at 122.8

Belgian Frenc ...
Danish Krone ...
German D-mark
French Frenc ...
Dutch Guilder ...
Irish Punt
Irish Punt Changes are for Ecu, therefore week custement, Adjustment cale STERLING - Trading range POUND SPOT-FORWARD AGAINST POUND

p.a. months
2,67 1.04-1.00 pm
0,68 0.01 pm-par
6.00 5'-5'- pm
3.12 52-33 pm
3.34 9'-5'- pm
1.53 0.52-0.30 pm
1.53 0.40-1826dis
-0.572-14 dis
-0.572-14 dis
-0.572-14 dis
-0.573 pm-73 dis
-0.573 pm-73 dis
-0.573 pm-73 dis
-0.573 pm-73 dis apreed Clcas

1.470-1.4280 1.4225-1.4235
1.9210-1.9254 1.9210-1.9240
4.491-4.54
4.491-4.504
4.491-4.504
4.491-4.504
4.491-4.504
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4.491-4.504
4.391-4.637
4.391-4.037
4.391-4.037
4.391-4.104
4.391-4.104
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22-13c pm
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par-13-ore dis
13c pm-1 dis
23-4-ore dis
13c 13-13-13c pm
153-13-13c pm
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22-13c pm

OTHER CURRENCIES 2 28.25 28.58 82.00.82.80 14.44-14.88 12.34-12.35 4.0112-4.0512 2675-2726 338-342 4.52-4.56 11.70-11.61 230-245 22612-238 11.78-11.90 3.27 3.31 1.4112-1.4512 376 450 0.8008-0.801.0 Austria. 1.3885-1.3905 Beigidm 6.400-5.430 Denmar 5.9390-5.9410 Francé. 128.83-139.61 German 7.7480-7.7600 Italy

CURRENCY MOVEMENTS CURRENCY RATES

84.4 136.8 66.6 115.7 90.8 79.8 126.6 149.0 115.8 67.2 447.7 Sterfing ... V.S. dollar

Sterling — 0.724430 0.56706
U.S.\$. — 7½ 1.03809 0.792191
Canadian 5. 9.31
Austria Sch. 92 20.5634 15.7725
Beiglan Fr. 9½ 50.0352 45.8616
Danish Kr. 7 10.5191 8.07043
D mark. 4½ 2.92628 2.94364
Guilder — 5½ 3.28927 2.52250
Franch Fr. 9½ N/A 6.82780
Lira. 5 245.451 188.304
Norway Kr. 8 8.62300 6.53637
Spenth Pta. 170.394 130.751
Swediah K. 10½ 8.68028 6.58638
Swiss Fr. 4 2.38175 1.83693
Greek Dr'ch 1354 0.335596 0.716571 * C\$/SDR rate for July 25: 1.39315.

		_							
XCHANGE CF	OSS RAT	ES			·				
July 80	Pound Stirling	V.S. Dollar	Deutschatn k	J'panasa Yén	FrenchFranc	Swiss Franc	Dutch Guild	italian Lira	Canada D
s, point	0.705	1,483 I.	4,000 9,817	535,8 237,3	- 12.18 8,570	3,258 2,296	4,408 3,157	2683. 1892.5	1 923 1 e51
utschemark panese Yen 1,000	0.250 2.970	0.350 4.996	1 11.88	84.19 1000.	36.15	0.814 9.575	1,124 13,36	670.8 7 96 7.	0.481 5.709
	. 0.003	3.340	7 00E	006.6	10	0.675	7 504	9904	1 570

Pound Starling - U.S. Dollar	0.703	1,485 1.	4,000 2,817	335,8 237,3	8,570	3.258 2.296	4,468 3,157	2683. 1892.5	1 923 1.:51	80,80 56.85
Deutschemark	0.250	0,350	1	84.19	5,044	0.814	1,124	670.8	0.481	29,20
Japanese Yen 1,000	2.970	4,996	11,88	1000.	36.15	9.575	13,36	7 96 7.	5.709	239,9
French Franc 10	0.881	1,168	5,285	276,6	10.	2.676	3,694	2204.	1.579	66.37
Swiss Franc	0.307	0,437	- 1,228	108,4	3,738	1.	1.381	823,6	6,596	24,80
Dutch Guilder	0,222	0,316	0.889	74.87	2,707	0.724	1.576	595.6	0.427	17,97
Halian Lira 1000	0,373	0,550	1.491	125.5	4,538	1,214		1000.	0.717	30,12
anadian Dollar	0.520	0,740	2.081	175.2	6.535	1,594	2,359	1896.	1.	42,03
Gelgish Franc 100	1.238	1,761	4.950	416.8	15,07	4,032	5,566	8321.	2,379	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

July 50	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swise Franc	D-mark	French Franc	Italien Lira	Belgiz Conv.	Franc Fin.	Yen	Danish Krone
Short-te/m	13.121 ₂ 1179.12 115.115 ₅ 115.2115 1079-11 1018-1016	71-72 74-76 74-8 81-84 81-84 81-81-	814-9 834-9 613-9-1 9-9-1 9-1 ₆ -9-1 9-1 ₆ -9-1	6-618 6-618 6-618 6-618 6-618	7g-11g 21g-23g 45g-41g 43g-47g 41g-41g 43g-47g	451.452 411.413 414.413 418.614 514.614	9%-10 104-101g 11-111g 115-117g 111g-12 111g-121g	8-11 11-12 12-12-13-12 13-14 13-14-14	814-819 819 634 834-9 819 955 919-934 954-10	814-819 812-834 859 878 878 918 914-919 938-938	64-64 64-64 64-64 64-64	934-1014 71g-8 814-834 834-914 9 91g 914-934

Asian \$ (closing rates in Singapore): Short-term 72,724 per cent; seven days 72,724 per cent; one month 74,84 per cent; three months 8,84 per cent; one years 10,104 per cent; three years 10,104 per cent; four years 10,104 per

MONEY MARKETS

London rates continue to fall

Interest rates remained soft on the London money market yesterday, as hopies coatinued of another cut in clearing hank base rates. This seems unlikely before the next set of UK money supply figures on August 6, but the present level of interbank rates already virtually discounts hase rates of 11 per cent. Three-month money fell to 11;-11; per cent from 11;-11; per cent, and discount houses buying rates for three-month bank bills declined to 10; per cent from 10; per cent.

UK clearing banks base-lending rate 11½ per cent since July 20.

The Bank of England forecast a meney market shortage of £350m in the morning, but changed this to £300m in the afternoon. Total help on the day was only £767m.

was only £767m.

Before lunch £28m hills were bought outright, by way of £3m bank hills in band I (up to 14 days meanthy) at 114 per cent; and £25m bank hills in band 2 (15-33 days) at 11-5 per cent. In the afternoon £365m bills were purchased outright, through £21m bank bills in band I at 115 per cent; and £345m bank

FT LONDON INTERBANK FIXING

(11.00 a.m. July 30) bid 8/k offer 5 offer 85s

The fixing rates are the arithmetic mass, rounded to the nearest one sixteenth. of the bid sed offseted rates for \$10m quoted by the merket to five reference banks at \$1 a.m. each working day. The banks are National Westminster Sank. Benk of Tokyo, Deutsche Sank, Benque Nationale de Paris and Morgen Guaranty Trust.

Interest rates rentained soft on the London money market yesteriates, another \$228m bills were bought for resale to the market on Another \$228m bills were bought for resale to the market on Another \$228m bills were bought for resale to the market on Another \$228m bills were bought for resale to the market on Another \$228m bills were bought for resale to the market on Another \$228m bills were bought for resale to the market on Another \$228m bills were bought for resale to the market on Another \$228m bills were bought for resale to the market on Another \$228m bills were bought for resale to the market on Another \$228m bills were bought for resale to the market on Another \$228m bills were bought for resale to the market on In Frankfurt call money was firmer at 4.60 per cent, compared with 4.55 per cent on Monday.

Hills maturing in official hands, repayment of late assistance and at take up of Treasury bills destined from 11\frac{1}{2}\frac{1}{2}\text{ per cent, and ing of repurchase agreements at the unwinding of repurchase agreement bank balls declined to 10\frac{1}{2}\frac{1}{2}\text{ per cent, and ing of repurchase agreement absorbing £636m, and bank balls declined to 10\frac{1}{2}\text{ per cent, and ing of repurchase agreement absorbing £636m, and bank balls declined to 10\frac{1}{2}\text{ per cent, and ing of repurchase agreement of late assistance and a take up of Treasury bills declined to 11\frac{1}{2}\text{ per cent, and ing of repurchase agreement of late assistance and a take up of Treasury bills declined to 11\frac{1}{2}\text{ per cent, and ing of repurchase agreement of late assistance and a take up of Treasury bills of the money is offered, to see whether the form 11\frac{1}{2}\text{ per cent, and ing of repurchase agreement absorbing £636m, and bank bank balls declined to 11\frac{1}{2}\text{ per cent, and ing of repurchase agreement absorbing £636m, and bank bank balls declined to 11\frac{1}{2}\text{ per cent, and in the note circulation market as two securities repurchase the Bundesbank is expect

MONEY RATES

July 30	Frankfurt	Paris	Zurich	Amet'dam	Tokyo	Milan	Brussels	Dublin
vernight ne Mooth wo Marthis was Months x Months combard deliveration	5.00 5.15 6.00 6.15 6.00 6.15 5.05 5.20 6.0	934 975-975 934-975 934-975 979-10	13-15a 458 454 454 478	6-816 6-8-6-4 6-8-6-6 6-8-7	6.34375 6.34375 6.34576	141g-147g 141g-141g 141g-141g	8.45 85g-87g 87g-91g 91g-91g	1114-1112 1059-1079 1014-1012 1019-1058 10-1014

LONDON MONEY RATES Discount Houses Deposit and Bill Rates Fine Trade (Buy) 11.12 11-121-12-154 117g-12 115g 11/5 11/5 11/6 115a-115 11 dr 10 dr 10 dr 11級 11器 11器 11器 11

7.9-8.0 7.95-8.05 90.5-8.15 8.25-8.35 8.55-8.65 8.7-8.8 121g-117g 12%-117g 11%-117g 11%-117g 111g-117g 111g-117g 754-8 712 8-9 778-818 778 818 84-818 BHE 9

ECGD Fixed Finence IV: Average Rate of Interest period June 5 to July 2 (inclusive): 12.535 per cent. Local authority and finence houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13 per cent. Bank Dayson: Rates for suma exceen days' notice 6.25-8.526 per cent (net). Trassory Bills: Average tended rate of discount 11.325 per cent. Cartificates of Tax Deposits (Series 6): Deposits £100,000 and ever held under one month 11½ per cent: one-three months 11½ per cent; three-six months 10 per cent; series 5): Deposits 10% per cent. Under £100,000 10½ per cent from July 29. Deposits held under Series 5 10% per cent. The rate for sill deposits withdrawn for cash 7½ per cent.

MONEY RATES NEW YORK (Lunchtime) Treasury Bills

FINANCIAL FUTURES

Euros & bonds firm

dollar had been fixed near the day's high at DM 2.8353, against DM 2.8364 previously. Sterling fell to DM 4.02 from DM 4.0405 at the Frankfurt close, after being fixed at DM 4.0350. Monday's cut in UK bank base rates, and a further fall in London money market rates, tended to undermine the pound in late trading. The upward trend in German interest rates was regarded as technical, and had little impact. Weaker members of the EMS, the Belgian and French francs also lost ground to the D-mark. Eurodollar and U.S. Treasury bonds finished firmer on the London International Fnancial Futures Exchange yesterday. September Eurodollars opened at 91.65 and were sold down to a low of 91.58 before Chicago opened. A low Federal funds rare, below 7? per cent, and data pointing to weakness in the U.S. economy, gave a further boost to hopes of lower interest rates, and pushed the contract up to a high of 91.71, before it closed at 91.68, against 91.61 on Monday. The U.S. June trade deficit of \$13.4bn was above expectations, while the market was also looking for a rise in new homes sales. These fell by 0.1 per cent in June and helped support dollar denominated interest rate contracts.

THREE-MONTH EURODOLLAR Sim points of 100% Close High Low Prev Sept 91.68 91.71 81.58 91.61 Duc 91.20 91.22 91.11 31.13 March 90.76 99.76 90.67 80.69 June 90.35 90.36 90.26 90.26 Sept 89.99 — 89.93 Eat. volume 7.972 (4,304) Previous day's open int. 19,360 (19,123) July 30 Prev. close \$1.4142.1,4150,81.4215-1,425 0.44-0,42 pm | 0.45-0,43 pm = 1.02-0,98pm | 1.10-1,07 pm = 12.28-2,15pm | 2.68-2,58 pm

Previous day's open int. 8,652 (7.053)

20-YEAR 12% NOTIONAL GILT

CSO,000 32nds of 100%

Sept 133-17 113-25 113-10 113-25

Dec 113-22 113-27 113-27 113-28

March 114-03 — 114-08

Est volume 2,160 (2,199)

Previous day's open int. 3,228 (3,828)

Basis quote (clean cash price of 13%%

Treasury 2003 less equivalent price of moar futures contract) —22 to —12

(32nda).

clume 5 (4) ws day's open int. 167 (165) Close High Low Prev 125.65 126.20 124.80 125.10 126.45 — 125.90 slume 485 (391). us day's open int. 1,547 (1,691)

U.K. bank base rates.

CHICAGO U.S. TREASURY BONDS (CBT) 8% \$100,000 32nds of 100%

Close Nigh Low Prev Sept 1,4200 1.4215 1.4125 1.4250 Dec 1,4115 — 1,4125 1.4250 March 1,4670 — 1,4100 Est. volume 185 (276) Previous day's open int. 3,053 (3,022) Close High Low Prév 0.3565 0.3586 0.3541 0.3563 0.3597 — 0.3596 volume 50 (119) ous day's open ant. 285 (288)

U.S. TREASURY BILLS (IMMS) \$1m points of 100% High Low 92.74 92.67 92.38 92.32 91.99 91.96 91.52 91.58 91.27 90.97 90.97 90.97 THREE-MONTH EURODOLLAR (IMM)

Close High Low Prev Jone — 88.98 0.4374 0.4374 0.4351 0.4389 STERLING (RASA) 5e per £ us day's open int. 187 (181)

Sept
Dec
Close High Low Prev
0.4222 0.4225 0.4213 0.4227 June
share 5 (4)
8ept
Sept GNMA (CBT) 8% \$100,000 32nds of 100%

September Treasury bonds opened at 74-18, and fell to a low of 74-10 on selling by a large U.S. brokerage house, before recovering on the trade figures and suggestions that the contract may have been oversold. After a high of 74-31, bonds closed at 74-23, compared with 74-09, on profit taking.

September sterling deposits finished at the day's peak of 89.15, after opening at the day's low of 89.01. as expectations increased for another early cut in

atsst. High 91.68 91.70 91.19 91.21 90.74 90.78 90.34 90.54 89.96 89.96 89.61 89.61 — 89.28 — 88.98 Latest High Low 1.4165 1.4200 1.4105 1.4100 1.4120 1.4025 1.4000 1.4090 1.3390 — 1.4080 1.3375

Latest 73-20 73-01

71-24

Gilt futures weakened how-ever, as dealers suggested the price now discounts all the good news likely on interest rates for

U.S. TREASURY BONDS
8% \$100,000 32nds of 100%
Close High Low Pre
Sept 74-23 24-31 74-10 74-0
Dec 73-22 - 73-0
March 72-22 - 72-0
Est. voluma 3,055 (1,323)
Previous day's open int. 2,588 (2,251) Prev 74-09 73-08 72-08

Prev 73-25 73-03 71-29 71-24

据 OPTIONS REPORT For full details of settlement prices cell: Louise Powell of LIFFE on 01-623 0444 LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ

Company Notices

WEST RAND CONSOLIDATED MINES LIMITED

ncorporated in the Republic of South Africa)

(DIVIPEND NO. 187)

SHARE WARRANTS TO BEARER are leftormed that they will fish August 1985 be paid 12.6261559 per share, viz. 14.83450 included for share, less 2.2281450, being South African no holder? Lat of 155% pagainst surrender of Coupon No. 10 be deposited for FOUR CLEAR DAYS for inspection before made:

12.626155

2.228145 10.398010

NIPPON SHINPAN CO., LTD. ice of March 25, 1985, EDR holders

Art Galleries

01-629 6176. YOUNG ARTISTS AT AGNEW. Until 28 August. Mon.-Fri. 9-30-5-30, Thurs. until 6-30,

invitation to the public to subscribe for, or to purchase, any securities.

Can. \$100,000,000

HYDRO-QUÉBEC (An agent of the Crown in right of Province de Québec)

11% Debentures, Series GA, Due August 15,1995 Unconditionally guaranteed by

PROVINCE DE QUÉBEC

The following have agreed to subscribe or procure subscribers for the Debentures.

Merrill Lynch International & Co.

Société Générale Algemene Bank Nederland N.V. Bank Générale du Luxembourg S.A. CIBC Limited

Credit Suisse First Boston Limited First Interstate Capital Markets Limited **Kredietbank International Group**

Samuel Montagu & Co. Limited

Swiss Bank Corporation International Limited Westdeutsche Landesbank Girozentrale

S. G. Warburg & Co. Ltd. Yamaichi International (Europe) Limited

Application has been made for the Debentures, in bearer form in the denomination of Can. \$1,000 each constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Debenture. The issue price of the Debentures is 100½ per cent. Interest will be payable annually in arrears on 15th August in each year, from and including 15th August, 1985. The first interest payment will be due on 15th August, 1986.

Particulars of the Debentures and the Issuer are available in the statistical services of Extel Statistical Services Limited. Copies of the listing particulars relating to the Debentures may be obtained in the form of an Extel Card during usual business hours on any weekday (Saturdays and public holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorton Street, London EC2, up to and including 2nd August, 1985 or during usual business hours on any weekday (Saturdays and public holidays excepted) at the addresses shown below up to and including 13th August, 1985.

Rowe & Pitman, 1 Finsbury Avenue, London EC2M 2PA.

Phillips & Drew, 120 Moorgate, London EC2M 6XP,

Union Bank of Switzerland (Securities) Limited

Banque Internationale à Luxembourg S.A.

Bank Brussel Lambert N.V.

Lévesque, Beaubien Inc.

Orion Royal Bank Limited

Dresdner Bank Aktiengesellschaft

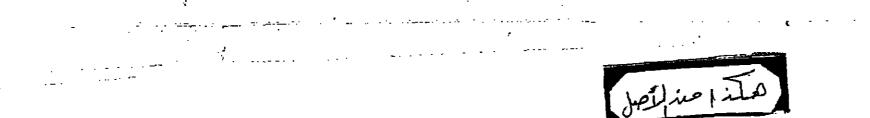
Crédit Lyonnais

Generale Bank

Wood Gundy Inc.

Bank of Montreal, London Branch, 9 Queen Victoria Street, London EC4N 4XN.

31st July, 1985



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Hope of further small cut in base rates underpins

Account Dealing Dates
Option
*First Declara- Last Account
Dealings tions Dealings Day
July 15 July 25 July 26 Aug 5 July 29 Aug 8 Aug 9 Aug 19 Aug 12 Aug 29 Aug 30 Sept 9 "New-time" dealings mey take place from 9.30 am two business days

Hopes that the trend towards cheaper money would continue kets yesterday. Easier period rates in UK money markets and

more favourable.

Business started slowly in the two principal market areas with traders and investors alike showing caution over Wall Street's unexpected setback overnight. Details of the Government's £450m sale of its remaining 48.8 per cent stake in Britoll 248m shares are to be offered at 185p, payable 100p per share on application, and that the underwriting was in progress. failed to disturb sentiment. The subsequent

buted much of the shortfall on analysts' forecasts to the impact analysts forecasts to the impact of exchange rate differentials. leading industrial shares could not regain their former momentum. For much of the afternoon they marked time and the FT Ordinary share index finally settled 3.6 up for a two-day gain of nearly 12 points at 936.0.

Government sequition also downgrading and fell 5 to 125p. Secondary issues remained selectively firm. Wats Blake Bearne arracted speculative support in a restricted market and gained 19 put on 8 to 148p on revived bid hopes. Buyers continued to favour A. Monk, up 5 at 123p, and

they marked time and the FT ordinary share index finally settled 3.6 up for a two-day gain of nearly 12 points at 936.0.

Government securities also improved initially with the accent on shorter and medium-life maturities. Yield considerations and falling short-term interest rates falling short-term interest rates were dual stimulants and selected stocks rose } before easing from the day's best. Longer-dated Gilts

EQUITY GROUPS

& SUB-SECTIONS

stocks per section

Bulking Materials (22) Contracting, Construction (29) Electricals (14). Electronics (38) ...

Mechanical Engineering (62) ... Metals and Metal Forming (7)...

Motors (16)
Other Industrial Materials (17)
CONSUMER GROUP (177)
Brewers and Distillers (24)

Stores (42) Textiles (17)

Chemicals (19)...... Office Equipment (4) ...

49 | IMBUSTRIAL GROUP (483)

Insurance (Composte) (7) Insurance (Brokers) (7) Merchant Banks (11)

tment Trusts (107) Investment Trusts (107 Mining Figance (3) Oversess Traders (14)

FIXED INTEREST

Property (50).... Other Financial C

PRICE INDICES

Quillish Ge

2(5-15 years _

5 All stocks

8 Ali stocks.

3 Over 15 years...

1 | 5 years.

Shipping and Transport (12)

Brewers and Distillers (24)
Food Manufacturing (21)
Food Retailing (14)
Health and Household Products (9)
Leisure (22)
Newspapers, Publishing (12)
Packaging and Paper (13)

equities and Gilt-edged securities the bottom. Barclays, at 375p, and Midland, at 390p, the next to report half-year figures tomorrow, cheapened 10 and 5 respectively, while Lioyds finished 8 off at 395p, after 380p; Lloyds will bring the season to a close on Friday. Elsewhere, perennial bid favourite First National Finance Corporation continued firmly. Corporation continued firmly, rising 7 to 112p. after 114p, in response to a broker's favourable

rates in UK money markets and sterling's resilience in the wake of Monday's reduction in bank horrowing charges together with the prospect of a cut in Building Societies' mortgage rates from September were supporting influences. Dealers were also hoping that the next set of money supply figures, due to be announced on Tuesday, would be more favourable.

Business started slowly in the traders and investors alike showing caution over Wall Street's unexpected sethack overnight. in the Government's new workers laws which starts operations on September 1.

per cent stake in Britoil 243m shares are to be offered at 185p, payable 100p per share on application, and that the underwriting was in progress. failed to disturb sentiment. The subsequent announcement of NatWest's interim results, however, did check the market's progress.

The banking group's profits of £354m fell well short of highest estimates and NatWest dipped sharply, dragging the other main clearers down in sympathy. Although all four banks recovered when NatWest later attributed for the shortfall on offer following a broker's profits Allied-Lyons touched 226p prior offer following a broker's profits downgrading and fell 5 to 125p.

Debenhams react

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Day's Change %

603.46 +0.3

zd adj. today

zd adj. 1985 to date

8.31

6.87

7.27

7.65

6.08

3.64

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A flat of co

Mon July 29

+0.07 319.14

132.97 -8.01 132.98

140.32 -0.09 140.45

152.52 +0.08 152.39

131.01 +0.01 131.00

113.48 +0.18 113.27

79.77

110.50 | -0.01 | 110.51 |

Tues July 30 1985

Gross Div. Yield % (ACT at 30%)

| No. | No.

4.74

14 Preference

AVERAGE GROSS REDEMPTION YIELDS

FINANCIAL TIMES STOCK INDICES

	July July	7uly	- July - 26	July 25	July 24	July 23	year 1 290
Government Secs	83,87	83.85	83,46	83,14	83,25	83,29	75,95
Fixed interest	88,74	88,63	88.50	88,30	83.29	B8,26	80,65
Ordinary ▼	936.0	932,4	924.1	911.0	926,0	921,1	790.5
Gold Mines	335,9	343.I	332,6	330,2	369.3	386,7	497,3
Ord. Div. Yleid	4.98	4,99	5,02	5.08	5.01	5.03	5,21
Earnings, Yld. Sifulli	12,29	12,44	12,53	12.68	12.50	12,55	12.21
P/E Ratio (net) (*)	10,02	9,82	9,75	9.63	9.77	9,73	9.87
Total bargains (Est.)	20,225	20,241	20,940	19,875	20,328	19,500	15,951
Equity turnover £m.		341.67	576,09	377,62	279.88	238,98	158,86
Equity bargains	– .	11,238	19,096	16,546	13,882	15,343	11,834
Shares traded (ml)		164.9	274,9	184.4	139.9	158,3	90.7

♥ 10 am 932.6. 11 am 933.6, Noon 936.1. 1 pm 935.7. 2 pm 935.4. 2 pm 935.1. 4 pm 935.6. Day's High 937.9. Day's Low 932.2. Basis 100 Govt. Secs, 15/10/28. Fixed Int. 1928. Ordinary 1/7/35.

Gold Mines 12/9/55. SE Activity 1974. * Nil =9.57.

> HIGHS AND LOWS S.E. ACTIVITY

			_	134	DICES		
	1965		Since Co	mpiletin	i	July 29	July 26
	High	Low	High	Low	Daily	i —	
Govt. Secs.	83,87 (80,7)		127.4		Gilt Edged Bargains Equities	!	110,9
Fixed Int	88.74 (60:7)	82.17	150.4	50.53	: Baroains	590 6	123.7 1164.4
Ordinal y		911.0 (24/7)	1024.5 (22/1/85)	176 R 40	Gilt Edged Bargains	134,6	141.8
Gold Mines	586,9	330,2	784.7	48,5	Equities Bargains	98,6	103.2

536.9 330.2 784.7 48.5 Equities (16,4) (25/7) 15/2/88, (28/19.71) Value 751.6 715.7

GKN ahead of next Wednesday's interim results and the shares added 4 mor eat 214p. Elsewhere in Engineerings, the prospect of cheaper borrowing costs helped Babcock rise 8 to 130p and RHP put on a similar amount to 86ip. McKechnie Bros., recently weak of concern about its South African interests, rehounded 6 to recent encouraging trading stateswere dual stimulants and selected stocks rose is before easing from the day's best. Longer-dated Gilts were unusually neglected and often shed early improvements to close with scattered net losses. News of last month's poor U.S. home sales and the U.S. Commerce Secretary's repeated view that the dollar must drop bardly affected its relationship with sterling, which went lower against leading Continental currencies.

NatWest disappoints

NatWest's 20 per cent interim profits increase to £354m disappointes named as high as £450m — and the shares immediately dropped to .685p. However, buyers appeared at the lower levels and helped them recover to finish at 65p. but still 25 down on balance. Other clearers reacted sharply in sympathy and were showing falls of around 25 at one stage before they too rallied to close well off

Debenhams improved to 323p following news of the link-up with House of Fraser, but subsociated on profit-taking the House of Fraser has lifted its stake in Debenhams to 17.52 per cent. Burton closed 6 higher at 450p. Burton's bid for Debenhams closes on Friday. Some of the Stores sector's other current bid favourities made further progress. Harris Queensway firmed 4 more to 260p on lingering hopes of a bid from Evered continued to bolster TI, a further 2 definish to bolster TI, a further 2 definish to bother a 450p. but consumer spending bopes, recorded further substantial gains following news of the link-up with House of Fraser, but subsociated Barton's bid for consumer spending down 25 more make further progress. Harris Queensway firmed 4 more to 260p on lingering hopes of a bid from Evered continued to bolster TI, a further 2 definish to bolster TI, a further 2 for a favourities made further progress. Harris Queensway firmed 4 more to 260p on lingering hopes of a bid from Evered continued to bother TI, a further 2 for a favourities made further substantial gains following news of the Stores sector's other current bid favourities made further substantial gains following news of the Stores sec

Fri July 25

12.21 601.91 597.12 591.23 474.83

19.74

10.44 10.04 10.87 10.58 10.11 9.92

11.35 11.26

11.99 11.60 10.91 13.06 12.12 11.29 13.11 12.24 11.30 16.78

12.94 13.04

9.94 19.08 10.09 10.77 10.42 10.89 10.88 10.57 18.09 9.91

11.38 11.29

11.20

12.43 12.43 13.43

3.63 4.01 3.44 3.82

Man July 29

index No.

Thurs July 25

Index No.

Year ago (approx.)

added 4 mor eat 214p. Elsewhere in Engineerings, the prospect of cheaper borrowing costs helped Babcock rise 8 to 130p and RHP put on a similar amount to Sép. McKechnie Bros., recently weak on concern about its South African interests, rebounded 6 to 121p, while Burgess Products also put on 6 to 144p and Thomas Robinson improved 8 at 98p. Hopes of a bid from Evered continued to bolster TI, a further 2 dearer at 340p, but comment on the disappointing interim figures left Bullough down 25 more making two-day relapse of 42 at 190p. Food Retailers, already buoyant on consumer spending hopes, recorded further substantial gains following a broker's bullish circular. Tesco were again outstanding at 270p, up 10, while J. Sainsbury rose 8 to 328p and Associated Dairies firmed 4 to 144p. Buvers also favoured Arayll, up 5 more at 310p, and Hillards, 10 to the good at 350p.

BOC bought

the third-quarter profits statement scheduled for August 8. Hency August 97p. While Charles Sharpe 10 ment and closed 7 to the good at 350p. Recent encouraging trading statement and closed 7 to the good at 497p. while Charles Sharpe 10 ment and closed 7 to the good at 31pp 10 ment and closed 7 to the good 12pp 10 ment 10 to 33pp 10 ment 10 to 136p 10 ment 10 ment 10 ment 10 ment 10 ment 10 ment 1

Capital TV Facilities and Crown International Products were suspended at 50p and 100p respectively at the companies' request pending the outcome of merger discussions.

Kenning provided a firm feature in Motors as stake build-

feature in Motors as stake buildup rumours lifted the shares to
114p at one stage before a close
of 113p, up 3 on balance. Lex
Service reflected recovery prospects with a rise of 5 at 189p,
while recently firm Jaguar sustained a technical reaction of
5 to 252p

attracted renewed support on London dockland development prospects and rose 8 to a 1985 peak of 216p. Sentiment in South Africans was upset by vague talk, thought to have emanated from New

York overnight, that the South African authorities may impose foreign exchange controls folforeign exchange controls fol-lowing the substantial weakness in the Rand and recent heavy selling of South African securities. Gold Fields Properties fell away to close 10 down at a year's low of 100p. Barlow Rand were quoted 5 easier at 375p in the wake of news that the company is seeking a Johannesburg Stock Exchange listing for its property manage-ment subsidiary Barprop, via rights issues of Barprop Ordinary shares and Loan stock to holders of Barlow Rand Ordinary and

shares and Loan stock to notices of Barlow Rand Ordinary and Preferred Ordinary shares.

Imperial Group, which last week reopened discussions with Marriott Hotels of the U.S. about the possible sale to Marriott of its Howard Johnson subsidiary, Corpns., Dom. and Corpns., Dom. and firmed 3 to 174p pending develop

ments
Murray Growth Trust closed
unchanged at 103p, after 102p,
following the net asset valuebased bid worth just over 102p
per share from Merchant Navy

BP edge higher The oil sector remained sub-dued with interest focussed on the details of the Government's the details of the Government's sale of its remaining 48.8 per cent holding in Britoil at 185p a share. Britoil shares eased back to close a net 5 easier at 200p. BP. on the other hand, picked up on persistent small buying interest and settled 8 firmer at 525p. Among secondary issues Clyde Petroleum moved ahead a further 5 to 81p, as did ahead a further 5 to 81p, as did Falcon Resources, 65p and Sun (UK) Royalty, 145p. Pict Petroleum hardened a couple of pence to 105p following the

interim figures. Golds lose ground

The rally in South African gold and related markets ground to a halt following developments in New York markets on Monday in New York markets on Monday evening. A firm market in London on Monday the sector abruptly turned easier in the U.S. following rumours that the recent steep slide in the South African Rand and widespread condemnation of the South African Government's imposition of a State of Emergency could prompt the latter into reintroducing foreign exchange controls. The Gold sector closed sharply lower in New York and jobbers marked prices down at the outset of London trading. Persistent small selling ensued and the majority of issues sertled at or around the day's lowest levels. Bullion also failed to follow up its good showing in London on Monday. The metal price performed disappointingly price performed disappointingly in the U.S. overnight, where it eased to close at \$324.20 and traded at around that level in London throughout the session, closing a net \$2.5 off at \$325.75

The Gold Mines index ran back 6.2 to 335.9. Falls in the leading Golds ranged up to £11 as in Randfontein, £631, and Vaal

Service reflected recovery prospects with a rise of 5 at 189p, while recently firm Jaguar sustained a technical reaction of 5 to 252p.

Octopus Publishing at 575p, encountered profit-taking and lost 10 of Monday's rise of 40 which greeted details of the agreed merger with Heinemann, a subsidiary of BTR. Bristol Evening Post, also a strong market the previous day following Kent Holding's acquisition of a 10 per cent stake in the group, dropped 25 to 470p.

Properties turned easier in the face of light profit-taking and the absence of further buying interest. Land Securities settled 4 off at 288p and MEPC gave up 5 to 273p. Hammerson A lost 10 at 435p and Stock Conversion 5 at 510p. Elsewhere, Regalian

EUROPEAN OPTIONS EXCHANGE 27 B 16 9 -1.80 A 48 0.50 10 - 105 5 -8 29,50 B 35 23 10 37 £326 g632 F1.317.10 6.60 9.50 12 B FI.320 FI.335 FI.335 FI.345 FI.350 DM295 \$130 \$140 Oct. | 271 | 6,80 | 132 | 6,80 | 210 | 4,10 | 84 | 1,70 | 85 | 2,80 | 1248 | 8,30 | 645 | 2,80 | 115 | 2,10 · 9.50 FL100 FI.25\ 14 FI.123 6.20 3 19.50 F1.239.50 AMRO C AMRO P GIST P HEIN C HEIN P HOOG C HOOG P KLM P NEDL C NATN P FI.151 F1.64.10 5.40 :FI.59 4.50 FI.177.5 7 FI.76 33 50 12 1 4 44 52 1 50 3.50 0.50 0.20 1.40 4.40 10 1 2.50 16.50 F1.65 F1.65 F1.45 F1.200 F1.200 F1.77.50 F1.77.50 F1.340 F1.340 Fr. 5800 Fl. 47.70 FI 195.30 FI. 75.10 FI.346.50 TOTAL VOLUME IN CONTRACTS- 92,301 A=Ask C=Call B=Bid

markets, coupled with the easier treed in bullion, encouraged light profit-taking in many "down-under" golds but Gold Mines of Kalgoorile remained a firm market, at 552p, up 12. Central Norseman rose 5 more to 493p.

MONDAY'S ACTIVE STOCKS Bosed on bargains recorded in Stock

Exchange Office	al List.			1
	No. of	Mon.	Day's	ŀ
Stock	changes	clasa		ı
Debenhams	. 22	321	+13	
Yellowhammer.		118	_	ľ
Siebe (nil-pd)	20	79pr		•
Tomkins (F.H.)	14	201	+ 3	l
ici		562	- 6	1
Allied-Lyons	. 10	223	+ 5	ı
80C		272	+ 7 + 2	•
Beecham		325	+ 2	ı
Er Aerospacat		182	+14	1
RTZ	. 10	543	+ 5	ŧ
Royal Insce		690	+ 7	•
GKN	. 9	210	+ 7	ľ
NatWest Bank	. 9	690	- 5	1
Pentlanda Inda.		270	+30	1

		L4112	genm ,
British Funda	32	31	45
Corpns., Don			
Foreign Bor		0	41
Industrials .		218	950
Financial and		163	335
Oile	15	23	90
Plantations		4	14
Mines	42	55	82
Others	29	51	158
Totals	, 517	545	1,715

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (67) BRITISH FUNDS (21)

INTL BANK & O'SEAS GOVT.

STIG. ISSUES (9)

an Dev. Bk.
Dev. Bk.
Joen. 2010

Malavski 12 upcl.n

n Dev. Sk.
Joen. 2009

NZ 111sc 2008

All 11 upc 2014

Sweden 11 pcl.n 2012

Linv. Sk.
Joen. Sweden 11 pcl.n 2012 African Dev. Bk. 17 liptun 2010 Asian Dev. Bk. 10 liptun 2009 Australia 11 lapt Ln 2015 Euro. Inv. Bk. 11 octa 2002

CORPORATION LOANS (6)
Birmingham 13 ipc Lon. Corp. 9 ipc
1989
Hers. 6 ipc 1985/87 LCC 5 ipc 1985/87
Leeds 13 ipc 2006 Do. 39c 20 Ar.
COMMONWEALTH & AFRICAN NZ 74PC 1988,92

NZ 7upc 1988,92

LOANS (6)

N'wide Bido. Soc. Do 12 pc 12'5'88

12'bc 24,2'86 Do. 12'pc 96'86

Do. 12'pc 31'4'86

FOREIGN BONDS (1)

Hydro-Quebec 15pc 20'11

First Nati, Fin. BANKS (1)

Greene King Greene King BUILDINGS (3)
Watts Blake Bearne Laing (J) Watts Blake Bearn
Shirpe & Fisher
STORES (5)
Grattan Woodworth
Herris Queensway De Bigoth 2000
Time Products
ELECTRICALS (I)
Breville Europe
FRIGHEFFING (I)

ENGINEERING (1) Robinson (T.) FOODS (2)

Cullen's Hidgs. FOODS (2)

ENDUSTRIALS (3)

European Ferries Pri. Whitams Hidgs. Spc
Photo-Ne Intl. Cum Cnr.Pr.
PROPERTY (S)

Lon. Shop Prop. Toos Ests. 7::pc
Regarian TEXTHLES (1)

Beries (J.)

OSLS (1)

ELF U.K. 12 LOCLE 1991 NEW LOWS (98)

EQUITIES bold 24 33 3.7 56.6 - 4.1 58.6 5.E 2.7 4.1 159 F.P. 8-8 63 59 180 F.P. 2-8 255 223 1188 F.P. 2-8 140 150 600 F.P. 12-8 60 46 475 F.P. 2-8 7 78 170 F.P. 2-8 172 165 150 F.P. 24-7 13-4 170 F.P. 24-7 13-4 171 F.P. 12-7 12-8 171 F.P. 12-7 12-8 171 F.P. 12-7 12-8 171 F.P. 12-7 12-7 170 F.P. 12-7 12-7 170 F.P. 12-7 12-7 180 F.P. 9-8 70 78 180 F.P. 9-8 77 58 180 F.P. 9-8 77 58 52.1 1.6 4.5 12.2 565.37 2.4 5.4 14.6 51.5 2.0 4.5 1.4 14.60 51 5.5 6.3 10.75 1.9 4.0 H,6 10.73 1.9 4.3 1.2 2 bp1.25 8.9 1.1 55.0 4 u3.526 8.9 5.0 H,3

Issue price	통출	atest enune. date			Stock	Closting Price fi	+-
50p 50p 88,466 499,855 (99,036 90,705 100 100	130 NII 225 F.P. 130 F.P. F.P. 110	11.9 27.9 13.9 25.9 26.7	9714 14 pm 198 151 pp 31 r 10012 10012 1001 11214 100 10112 1001	# ppm 185 41 ppm 29 12 1 ppm 25 12 1 pm 29 12 1 pm 100 12 100 100 10 100 10 10 10 10 10 10 10 10 10 10 10 10 10 1	Boddingtons 91st Cv. Uns. Ln. 38,84-C. H. Industis. 7; Cm. Cum. Pri. +Cannon St. Invs. 7.1 t.Cv. Cm. RdPP18.4 Nancon Tat. 5.75 t. Gnv. Cum. Rdd. Pri. Int. Bk. for Roo. & Dev. 91st Ln. 2010 Ustans 7.7 h; Cm. Uns. Ln. 2000 OS. Keystone Invs. 11 h; Deb. 2010 15 Lowland Inv. 11 k; Deb. 2010 Macalian Glan. 6; Cnv. Uns. Ln. 2005-Maisysis 2045 Ln. 2008-nathonwide Bidg. Soc. 18.4t 50.6 88. Do. Octham Met, Borough 12.4; Rd. 2022 REA 93 Cum. Pri. Sund. & S. Shi ida. Wtr. 11,8; Rd. Do. 55 97. Walker IA: 84; Cum. Covv. Rod. Pref. Waster IA: 84; Cum. Covv. Rod. Pref. Waster IA: Bat. Cum. Covv. Rod. Pref. Waster IA: Rob. 18 str. 11.2 kg. Db. 18	195" 44p 51:1: 100 m 100 t 100 t 112 t 101 t 101 t 101 t 101 t 101 t	中 中 中 中 中 中 中 中 中 中 中 中 中 中 中 中 中 中 中
:100	£10	19/9		10.56	York Wtr. 11,8% Red. Deb. 1995 97,	1315	. * *4

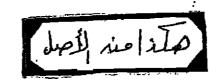
RIG	HT	S OF	FERS	·			
Issue	d up	Latest Renunc.	196	5	Stock	Closing	+0
priça	₽ ₹	date	Righ	Low	· · ·	2,5	
165	' F.P.	15/9	180	168	Baker Perkins 60p	174	· • · •
180	! NU	; –	62pm	40pm	Bestwood 15p	6Qpm	٠.
100	F.P.	30.8	108	95		95	
5	Nil	- 1	1pm		(Cares Est, 8 59	-54 pm	
280	NH	! ~	48pm		Extel	38pm	
185	100	38 10	123	. 99	Hanson Trust	107	+ 4
210	NI	4.9	4IQpm	385pm	Hazlewood Foods 20p	390pm	+5
50	; NII		2 is pm	¹ epm	Hicking Penteget 50p	, bw	٠.,
285	F.P.	9:8	323	2971	Mile & Allen wer mer mennen	277	٠
77	· NII	28.9	5 ₄ pm	18 क्या	New Cavendish Sp	4644	
120	NII	508	apm	300	Prestwich	Spen	٠.
400 800	: NII		84pm	65pm	Slebe	65 pm	14
800	FP	. 90.8	700	643	Union Discount £1	680	١

Renunciation data unustly last day for dealing true of stemp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. U Forecast dynderd cover based on pravious year's earnings. p Ponce unless Otherwise indicated. I Issued by tender. F Offered holders of ordinary sherts as a "nights." "Issued by way of capitalisation. §§ Reintroduced. It issued in connection with morganisation marges or takeover. E Allotment latters or

fully paid. 1/2 introduction. № Unit 27 Dealt in under Rule 535 (3). ♥ (sted Secunties Market. § Placing pr Dealt in under Rule (4) (4) (6).
OPTIONS First Last Last For	acted in Barker and Dobson a Blackhill Minerals.
Deal- Deal- Declara- Settle- ings ings tion ment July 8 July 19 Oct 10 Oct 21 July 22 Aug 2 Oct 24 Nov 4 Aug 5 Aug 16 Nov 7 Nov 18 For rate indications see end of Share Information Service Call options were taken out in Turner and Newall, S. R. Gent, Elandsraud, Vaal Reef, Exco, STC. Buckleys Brewery, Polly Peck and Folkes Group. A put	ACTIVE STOCKS Above average activity was noted the following stocks yearserdsy. Closury Da Choang Da Price che Aeronson Bros. 98 - 18 A
was arranged in Reckitt and Cole- man, while doubles were trans-	Lloyds Bank

]				L	ON	DO	N TI	RADED	OPT	701	is				
			CALLS			PUTS		ł			ALLS			PUT\$	_
Optic	ns .	Oct	Jan.	Apr.	OCL.	Jan.	Apr.	Opti	n	Aug.	Nov.	Feb.	Aug.	Nov.	Feb.
6.P. (*525)	460 500 550 600	83 45 16	60 33 16	68 38	16 16 40 85	22 47 88	27 50	Lonrho (*168)	140 160 180	24 5 1	12 5	17 9	21 ₂ 20	7 22 51s	9 23
Cons. Gold		44 24 14	60 57 26	72 47 30	10 32 68	14 40 67	18 47 70	(*360) Racai	360 390	10 11 ₂ 24	20 7 32	30 13 40	10 32	18 35	37 37
Courtaulda] 550 .] 120 :	13	16	19	115	1117	1 -	(*142)	130 140 160	16 8 2	24 16 9	32 24 14	2 7 20	6 11 20	8 13 82
(*123)	130 140 160	7 4 2	11 5 3	15	10 20 38	14 22 39	16	(*544)	550 600	17 5	62 38 20	77 52 30	17 50	26 62	13 53 67
Com. Union (*312)	180 200 220 240	38 21 11 6	29 20 11	36 25	13 31	10 17 34	13 21	Vaal Reefs (*\$82) Ex 10 \(198	100	2 034 8.4	8 412 214	101 ₂ 7 31 ₄	614 25 26	91g 25	11 18 26
G.E.C. (*172)	160 180 200 220	19 9 2	28 14 6	34 24 —	5 15 30 50	7 18 30	19	(*298)	92 94 96 98	4 to 250	6 14 4 45 256 118	1\s	0 14 0 14 0 14 0 14	0% 0% 0%	018 018 018
Grand Met. (*308)	280 300 330	33 20 6	42 27 11	50 83 —	3 9 28	15 30	10 20 —	Tr. 1145 05/0 (*£112)	7 106 108 110 112	6 4 2 078	6년 4년 3년 2	5 is 5 is 5 is 2 is	04 04 04 118	0 fr 1 fa 1 78	Oig 1 1 1 1 1
1.C.I. (*659)	700 750 800	33 10 5 2	47 95 18 6	57 35	27 62 107 157	35 70 107 157	40 77 —	Opt	ion 1 300	Sept.	Dec.	Mar.	Sopt.	Dec.	Mar.
Land Sec. (*288)	260 280 300	85 17 8	40 26 14	46 31 20	3 7 15	10 17	13 20	(*318)	325 330 350	13 4	25 14	47 25 —	20 40	15 27 45	20 37
Marks & Sp. (*149)	130 130 140	23 15	26 18	28 20 11	114 3 6	4 8 17	1019	Beecham (*328)	300 330 360	40 18 6	47 26 14	55 55 -	15 33	7 18 35	18 22 -
Shell Trans. (*675)	700 750	47 25 10	57 33 16	65 42	15 37 83	20 43 88	25 50	(*542) De Beers	650 600	15 4	27 15	37	27 65	32 70	32
Traffgar Hae (*368)	323 330	52 52	51	<u> </u>	1133 10	6] =	(*34.75) GKN (*214)	560 560	30 15	50 25 26	65 35	45 83	52 88	68 100
l	353 360 383 380	28 9	29	37 21	23	17 54	20 37	Glaxo (*1235)	1240 11800 11300	9 3 20	15 8 95	81 13 115 53	30 30	35	19 38 45
								Напаон	1 180 (27	20 j	75	80	90
Option		Aug.	Nov.	Feb.	Aug.	Nov.	Feb.	(*192) —————	188 195 200	19 91 ₈	1812	19	11	14	19
BAT Inda. (*293)	260 280 300 360 360	37 22 8	20 8 4	25 15	9 5 17 40 70	22 43 70	25 48	Jaguar (*255)	240 260 280 300	21 12 8 2	35 25 151 ₂	40 98 18 	8 16 30 50	20 20 31 50	13 26 43
Barclays (*379)	335 360 385 390	40 12	55 25	52	3 30	5 35	20	(*270) £/5	240 255 260	22	45 28 	47 32	8	15	18 18
Brit. Aero .(*385)	300 330 350	40 15	48 27	17 55 37 20	6 17 33	8 22 35	15 25 40	(* 142.25ots)	i 126 j:	17.60 12.60 8.00 4.70 2.30	9,70 6,90	14.50 11.40 6.80	0.15 0.95 0.55 1.25 2.80	0,80 1,50 2,60 4,20 6,45	1,75 2,60 4,20 6,20 8,60
Bt. Telecom (*186)	150 140 150 160	58 48 38 28	= =	= 40	012 012 1	=	40	5/DM (*35,46 cts)	32 33 34 36 36	3.65 9.70 1.85 1.15	4.10 3.25 2.50 1.60	4.50 3.70 3.00 2,45	5.90 0.15 0.30 0.80		0,40 0,40 0,70 0,90 1,30
	170 180 200	18 10 2	26 18 9	24 13	16	17 17	12 21	Option	30 1	0,70	1.35	1,90	1.15	1.55	1,80

July 50 Total Contracts 9,638. Calls 6,998. Puts 2,638. Underlying security price



WORLD STOCK MARKETS

AUSTRIA	GERMANY	NORWAY	AUSTRALIA (continued)	JAPAN (continued)	
July 30 Price 4	or Dm.	Bergens Bank 145	July 30 Aust. 8 —	July 30 Price + or Yen	CANADA
Goesser	Allianz Vers 3.896	-1.6 Borregaard 415 +1 -57 Christiants Eant 140 -1 -1.6 DenNorsks Cred 146 +1 -2.5 Ekem 128 -1	Gen. Prop. Trust. 2.15 ; —0; Hardie Udmes; 3.15 ; +0; Hartogen Energy 2.20xe; —0; Herald Wyllines 4.85 !	Mitaul Estate	Sales Stock High Law Class Ching Sales Stock High Low Class Ching Sales Stock High Low Class Ching
Perimocael 555	5 BKF-Bank	-8 Kosmos 214 +1. -10 Kvaerner 157.5 -1. Norsk Deta 556 -3 Norsk Hydro 107.5 -1.	Jimberlana F.P. 0.22 -0.	Nippon Denso	TORONTO 2500 Crownx \$2314 23 2816 + 16 3200 MBS H A \$17 1634 17 Prices at 2.30pm Prices at 2.30pm 5420 McIan H X \$139 1316 - 36 S000 Denton A p \$1334 1315 1315 - 16 S000 Denton A p \$1334 1315 1315 - 16 S000 Denton A p \$1334 1315 1315 - 16 S000 Denton A p \$1334 1315 1315 - 16 S000 Denton A p \$1334 1315 1315 - 16 S000 Denton A p \$1334 1315 1315 - 16 S000 Denton A p \$1334 1315 1315 1315 - 16 S000 Denton A p \$1334 1315 1315 1315 - 16 S000 Denton A p \$1334 1315 1315 1315 - 16 S000 Denton A p \$1334 1315 1315 1315 - 16 S000 Denton A p \$1334 1315 1315 1315 1315 1315 1315 1315
BELGIUM/LUXEMBOU	Brown Boverl 251	-4.3 storebrand 280 +2.	5 Lieng Lease 7,12 +0,5	Nippon Express. 48144 Nippon Cakki 1,04060 Kippon Kokan 1525	1800 Dention 8 \$135 ₈ 13 13 -1 ₃ 1673 Mortand E 340 340 16721 Transc 415 405 405 -15
July 30 Frs.	Cont's Gammi — 141 Daimier-Benz — 8194 Degussa — 530	-5.2 -5 SPAIN	News 6.6	Nippon Shimpan 675 —12	2710 Acklands S18 174 173 + 1 2700 Deckman B 274 71 73 (3600 Multiply \$213 273 273 155700 Turbo 44 41 42 - 1
B.B.L. 2,050 Bang, Gen Lux 6,300 Sang, Int. A. Lux 5,030 5,850	D'sche Babcock, 150 Deutsche Bank., 553,5 Dresdner Sank., 261,5	July 30 Ptag = -3 5 6co Bilbao - 3 350 : -3	North Bitn Hm. 2.3 Oakbridge 1.22 +0.0 Pancontinental 1.96 +0.		4 461 Agra Ind A 58 8% 9 +14 1 2600 Doman A 295 280 280 +1C 119488 Noscen 514 1334 1376 1200 Un Carbol 512 12 12 14 14955 Ali Engres 5174 173-173 -4 13760 Domana 518 18 12 2252 New All A 1 585 63 -76 1 106 11 Enforme 511/4 111/4 11/4 +1
	Hochtlef 510	-6.5 Bco Dentral 315	Poseidon 4,23 +0,0 Queensland Coal 1,73 -0,0	Nissan Motor 620 - 2 Nissan Flour 470 - 3	
EBES	Hoesen Werks 106.5	11 Boo Popular	Reckftt & Colman 3,8	Nomura 1,220 -90 Olympus 900 +10	3600 Atcol I 591° 91° 91° 91° 41° 42 24600 Enco 518 19 19 19 17550 Pac W Aurin 5141, 14 141° 418 880 Vestgroon 561° 64° 65° 48 10352 BP Canada 534° 335° 34 7000 Equity Svr 571° 73° 71° 41° 5300 Pamourr 581° 81° 100 Westorn 581° 171° 171° 171° 171° 171° 5300 Bank BC 555° 55° 51° 41° 350° C Falcon C 5163, 163, 163, 163 163° 163° 165° 165° 165° 165° 165° 165° 165° 165
GB (Brick) 3.670,	10 Hussel 316.5 10 Karstadt 230 10 Kaufhol 256.5	Hidrola 77.5 -0.	Santos 5,48 —0.3 Smith (Howard). 4.90 +0.5 Thos. Natwide 2.10; —0.5 Tooth 6.0	Renown 800 -15	200 Baton A i 5181 1816 1819 - 36 400 F City Fin 51214 122 125 1567 Piece GO 120 120 45 10400 Yk Beer 564 64 64 1388 Bonarza R 345 340 340 - 5 500 Gends A 53014 3014 3014 314 24400 Piecer 526 2554 2554 - 3 Total sales 9,569.873 shares 12880 Brutona 430 430 435 - 5 7000 Gene Center 5301 3014 3014 318 18700 Piecero 5243 243 243 44
Hebeken 5.610: -	40 KHD 278 5 Klosokher 40.5, 100 Linde 484xr	Telefonica	Varigas 3.90 +0.	Sankyo	10 Bramaleo 516/e 16/e 16/e 14/06 [Senerino 274 276 974 49 2000 GM 40/0 943 423 423
Pan Hidge	-200 MAH		Woolworths 3.35 +0.	11 Sappore 446 -15 12 Sekisul Pretab 750 -15 2 Seven-Eleven 8800 -15 Sharp 777 +7	
Soc. Gen. Balgs 3,345 1,810 - 7,320	15 Mercades Nd. 727.5 8 Metaligesel 250 Muench Rueck. 1,835 Nixdorf 507.5	-15 July 30 Price + or Xronor -	HONG KONG	Sharp	7628 CAE 517 163, 17 587 Greythod \$253, 253, 253, -1, 2100 Scoper 504, 5% 5% 5% Closing prices July 29 466 CCL A 517 17 2100 H Group A 59 83, 83, -1, 10950 Scotts \$273, 273, 273, 273, 273, 273, 273, 273,
Solvay 4,500 1,400 1,400 3,735	Porsche	-11.5 AGA 115	July 50 Price + o	\$600y	3187 C Nor Wes \$22 22 22 -12 18000 Hayes D \$123, 124, 1215 43379 Shell Can \$25 245, 25 +14 49380 Bank Mont \$30 245, 251, -7, 41174 Can Trust \$385, 355, 353, 454, 4500 Hees Intt \$21 201, 201, -1, 18025 Sherritt, \$77, 7, 74 7, 75 8 Bank Mont \$30 245, 251, 414 4 +1, 414 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
E 000	Rhein West Elect 175 10 Rosenthal 256 Schering 449.5	+2.5 Atlas Copon 107	Bank East Asia 25.4 -0		1 1400 C thild 5 5173, 173, 173, - In 1 6625 Inland Gas 5201, 192, - 1, 1 3700 344500 190 190 190 - 1 1 19580 Contbail 5184 183, 183, + 4
DEMMARK	Siemena 521.5 Thyssen 114.5 Varta 318	Riectrolux B 983 :	Cheung Kong	7 Taisel Corp 328 —17 12 Taise Pharm 1,090 —30	651 Cetamese \$9\t 9 9\t 31598 intpr Pric \$42\tau 42\tau
[Knr%]	Varia 318 Veba 224 V.E.W. 135 Verein-West 550 Volkswagen 282	-1.8 Esserte	Henderson Land. 2.10	TDK	4500 Cineplex 594 95 95 -16 100 Kerr Add 517 165 165 -1 1720 1803 CF 5137 137 137 137 144 15 1463 Natist Cos 5715 203 203 203 -5 1550 C Distr A 584 88 88 89 4012 Labert 5274 274 275 1804 1804 18 180 180 180 180 180 180 180 180 180
Andelsbanken 342 - 725 -	10	Skandia	HK Kowloon Wh. 6.85' 6.45'	Tokio Marine 945 —50 TBS 885 —20	2000 Conventrs 56% 6% 6% (10075Lac Min/s 534 53½ 53½ 53½ - 3, (1972) for Om B 522% 22% 22% 12% 1500 RoyTristo 520% 20% 20% 20% 20% 20% 20% 20% 20% 20%
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I.S.S.B. 489 : 489 : 780 :	1 Bastogi-IRBS 286.5 B.I-Invest 4,950: Centrale 31,90 Credito Varesino 4,500: Fiat. 4,075	+90	SHK Props	Toshiba Elect	NEW YORK-2014 yets 1985
Privathanken 555	First 4,075. Finsider 54,076. Generali Aselour. 54,000.		TV-B	5 Toyota Motor 1,140 -40	July
. Sophus Berend 1,135 -	ltaicementi 47,120 La Rinascente 850 Montedison 2,015	+420 Adia Intl	JAPAN	Wacoal 732 +2 Yamaha 666 4 Yamanouchi 8970 -110 Yamazaki 806 -24	Industrials 1,343.18 1,343.86
8	Olivetti	Rrown Boveri 1.550 - 50	July 30 Price + or	Yokogawa Bdge, 735 -36	Transport 679.78 679.78 688.28 865.28 888.99 898.27 782.8 653.83 792.60 12.32 AUSTRIA Custo Abdes (2/1/82) 84.89 96.01 97.46 88.83 105.73 (17/8) 85.21 (24/1)
FRANCE July 30 Price	Saplem		Alinomoto1,130 -50 Alps Electric1,180 -90	SINGAPORE July 30 Price + or	Utilities 155.72* 155.28 157.42 158.49 157.83 159.28 159.28 159.28 159.54 168.54 168.81 159.5 BES. GRUNG
Emprunt 43 1875 1,581		+100 Hoff-Roche PtCts 93,500! -20: Hoff-Roche 1/10./ 9,350! -20: Jacobs Sughard, 6,625' -50) Assitt Citetti 050 -17	Sourced Miles 1 56 Add	Trading val - 196.5s 123.2s 126.5s 143.5s Benstate \$\ (1/1/80) 2.325.40 2327.23 2322.60 2316.44 2327.23 (29/7) 2090.7 (18/1)
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Git-Alcatei	22 AEGON 100		Dalei	Malay Banking; 5,8 -0,05 Malay Utd. Ind; 2,6 -0,05	July
Club Mediter'n 527 - 516	[ABN 501xr	+2.6 Surveillance	Full Film1,780 _40	Minis Salbose *** 0'920'95	38 29 28 29 24 23 High Low High Low FAZ Alone (\$1/12/58) 481.88 485.82 489.32 470.82 502.62 (\$7/7) 382.38 (\$3/1) industrials, 211.80 211.25 214.47 213.87 213.17 213.84 215.83 3.82 (\$4/1) (\$19/7) 44/1 (\$19/7/85) \$30.67.32
Damert 1,855 — Darty 1,881 + Durnez S.A. 780 + Eaux (Cie Gen) 525 — Ell'-Aquitane 188 — Essitor 2,060 +	T I Readess Out 1635	-05 In.d V-16-by 1960 To		OUB	Comparis 187.64* 198.60 192.66 192.66 193.65 195.65 163.68 195.65 4.40 Hang Sang Speck (31/7/64) 1888.24 ¢ 1883.65 1882.66 1689.85 (22/7) (220.74 (2/1)
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WORLD ECONOMIC INDICATORS

every Monday in the Financial Times

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RISES		
Ex 11% 1990		
BOC	281 + 9	
BSR Intl	53 + 8	
Babcock Intl	130 + 8	
Burgess Pred	144 + 6	
Celtic Haven	97 + 7	
Clyde Petrol	81 + 5	
Falcon Res	65 + 5	
First Natl Fin	112 + 7	
Hampton Areas	123 + 8	
Hepworth (J),	222 ± 6	
McKechnie Bros .	121 + B	
RHP	86% + 8%	
Racal Elects	142 + 6	
SGB	148 + 8	
SGBSainsbury (J)	328 ÷ 8	
Teseo	270 +10	
W B Bearne	225 + 19	
FALLS		
Aaronson Bros		
Barclays		
Bus Comp Sys	21 - 4	
Debenhams	313 8	
MEPC		
NatWest Bank	885 —25	

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Prices at 3pm, July 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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BosE pr1.46
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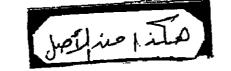
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NYSE COMPOSITE PRICES

AMEX COMPOSITE PRICES

Prices at 3pm, July 30

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Determined attempt to recover

A DETERMINED effort was made on Wall Street yesterday to recover the ground lost in Monday's selloff as the corporate reporting season offered much for investors to digest.

An opening weakness was steadily overcome so that by midsession the broad market was barely changed.

By 3pm, however, the Dow Jones industrial average was up 2.13 at 1,345.99. Massey Ferguson led the most active list with a \$¼ gain to \$2¼ while Texas Instruments, which fell \$3¼ on Monday following poor results, regained its composure to rally \$1 ahead to \$103%.

Aerospace issues were active again as Lockheed, which suffered a \$2% setback in the previous session, picked up \$1 to \$51% and McDonnell Douglas declined \$1% to \$80%. At the consumer end of the sector, Eastern Air Lines was actively bought with a \$\% rise to \$9\%.

Computer and office equipment stocks were in demand as IBM shrugged off the previous day's fall to trade \$% higherto \$130% in high volume and Digital. Equipment recovered only \$\% of its previous decline to \$99%.

Xerox, which reported strong second-quarter net profits, managed a \$\% rise to. \$52%. Storer Communications, which re-

End Month Figures

1980

NEW YORK

DJ Industriels

DJ Transport

DJ Utilities

LONDON

FT Ord

FT-SE 100

FT-A 500

Tokyo SE

AUSTRALIA

All Ord.

AUSTRIA

BELGIUM

CANADA

Belgian SE

Composite

Portfolio

DEHMARK

FRANCE

CAC Gen

Ind. Tendance

WEST GERMANY

FAZ-Aktien

Hang Seng

Banca Comm

NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

ITALY

NORWAY

Oslo SE

SINGAPORE

JSE Golds JSE Industria

Madrid SE

SWITZERLAND

Capital Int'l

Swiss Bank Ind

SWEDEN

WORLD

Landon

Zürich

Paris (fixino)

Luxembourg

New York (Aug)

SPAIN

Straits Times

SOUTH AFRICA

Toronto Metals & Minks

Metals & Mins.

TOKYO

FT-A All-share

FT Gold mines

FT-A Long glit

1981

STOCK MARKET INDICES

681.06°

156.03*

1.2523

603.46

658.76

10.11

552.0

94.69

213.2

121.4

461.88

184.4

345.29

773.98

101.85

457.6

July 29

220.3

GOLD (per ounce)

July 30

1.355.9 1.367.7

2 325 40 2 327 23

1982

1.345.99* 1.343.86 1.109.98

1,248.9

601.91

655.25

342.1

12 269 89 12 591 42 10 013 60

1,006.1 1,044.30 765.10

550.9

96.01

2,083.0° 2,106.18 1,710.00 2,771.1° 2,782.40 2,138.40

136.24° 137.37 104.53

π/a 216.48 185.7

215.2

122.9

485 82

1,686.24 1,683.85 802.68

353.03 354.05 207.24

217.8

185.2

347.38

777.45

902.6

966.3

111.78

1,382.79 1,353.55 1,499.90

464.9

220.9

July 30 \$325.75

\$324.90

\$324.44

\$324.00

\$324.00

10.09

679.78

155.26

500

buffed a takeover approach from Comcast Corporation, lost \$1% to \$85%.

U.S. Steel, the largest steel group in North America, firmed \$\% to \$30\% in active trading after reporting its first increase in dividend since mid-1982.

AT&T held steady at \$21% despite its announcement of joint venture plans with Ricoh to market small telephone systems in Japan.

CBS picked up \$% to \$117% after Mr Ted Turner confirmed that he is trying to raise cash for a new bid for the broad-

On the American Stock Exchange, some of the most actively traded issues were unchanged: Wickes held at \$4, Wang Laboratories at \$17 and Texas Air at \$16%. Hasbro managed a \$% rally to \$32% while Echo Bay dipped \$% to \$14.

Trading in the credit markets began quietly with investors still focusing on today's announcement from the Treasury of its latest quarterly refunding requirements. Analysts expect the planned sales of notes and bonds to total up to a record \$23bn.

Little reaction was seen to the wider \$13.42bn merchandise trade deficit in what was described as a thin market.

The Fed's announcement of matched sales and purchase agreements took many analysts by surprise. Fed funds were trading at 71/16 per cent when the Fed began its temporary drain of liquidity. Funds later traded at 71%. At the long end, the price of the 11% per cent bond of 2015 was down 1/2 at 1032/22.

Among the shorter maturities, yield on the three-month bill was higher at 7.25 while the six-month bill rose to 7.44. In the money markets, rates of certifi-cates of deposit were little changed.

900

1.429

338.5

12.285

4.5325

81.25

1.9255

11%

41% 41% 11%

8¼ 8½ 7% 7.90 7.24

Prev

997% 9,01

9911/2 10.50

1031% 10.65

1041/32 10.79

100% 10.11

Price

80%

Yield

8.80

Price Yield

2,707.0

3.27

4.03

STERLING

July 30 Previous

1.423

336.75

12.175

4.4975

8.08

1.9225

11%6

4% 41%

11%

8% 8% 7'%* 7.80°

2,683.0

4.0

Jun 1985 Jul

CURRENCIES

Previous

2.819

237.1

8.595

2.288 3.1755

1.897.0

INTEREST RATES

U.S BONDS

Price

104 1/2

Price

100%

¥08

July 30°

99²⁷52 9.01

103% 10.639

July 30°

10% March 1993 96.85 11.30 96.85 11.30

10% May 1993 96.535 11.35 96.535 11.35

101 11.75

12% Dec 2012 100.50 12.25 100.50 12.25

FINANCIAL FUTURES

Latest High

ry Bonds (CBT)

991%2 10.477

Yield

10.78

Yield

10.11

8.80

11.10

74-11 74-31 74-06 74-20

92.62 92.74 92.58 92.68

91.88 92.03 91.87 91.95

91.68 91.71 91.58 91.61

113-17 113-25 113-10 113-23

438.40p

\$27,10

£1,081.00 £1,085.00

£1,540.00 £1,529.00

Prev 437.45p

COMMODITIES

11.10

58.85

1.349

U.S. DOLLAR

KEY MARKET MONITORS

FT-Actuaries All-Share Index

1983

Year ago

467.35

123.84

150.19

996.5

474.83

511.14

11.37

409.7

53.42

158.9

943.5

122.1

932.60

Yr ago 837.0

829.1

94.26

359.1

168.6

Prev \$328.25

\$326.75

\$323,65

\$322.40

\$324.20

85.04

1984

DM

FFr

BFr C\$

1985

July 30

2.817

237.3

8.57

3.157

1.892.5

56.85

1.3509

nth offered rate)

3-month U.S.\$ 6-month U.S.\$

(offered rate)

U.S. Fed Funds U.S.3-month CDs U.S.3-month T-bills

1987

1992

1995

10% June 1990

3% July 1990

8% May 2000

Dłamond Shamrock

10% May 2013

11.80 Feb 2013

CHICAGO

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

20-year Notional Offt

£50,000 32nds of 100%

Silver (spot fixing)

Oil (spot Arabian light)

Copper (cash)

Coffee (Sept)

Three-mouth Eurodollar

Şept

Sept

LONDON

U.S. Treasury Bills (IMM)

Certificates of Deposit (IMM)

Abbot Lab

Federated Dept Stores

11% 2015

AT&T.

8%

EUROPE

Disinterest leads to retreat

THE RETREAT on the European bourses yesterday stemmed from the overnight setback on Wall Street which combined with thin levels of trading to produce sharp price falls in some cen-

Frankfurt led the overall decline as the Commerzbank index fell a further 11.8 points to 1,355.9 and export-oriented issues sustained another bruising ses-

The dollar's downward path exposed leading carmakers - many of whom rely on the U.S. market for much of their overseas sales and profits - to another shakeout. Porsche fell DM 10 to DM 1,235 while Volkswagen suffered a pro-portionally more acute drop of DM 6 to DM 282. Daimler finished the session DM 5 cheaper at DM 819 ex-dividend.

Other blue chips to lose out were banks as Dresdner surrendered DM 5.50 to DM 261.50 and Deutsche Bank lost DM 4 to DM 553.50.

The absence of local support due to the current holiday season diluted interest and aggravated falls in other sectors. Allianz lost a hefty DM 57 to DM 1,295 while associate insurer Munich Re retreated DM 45 to DM 1,835.

In heavy engineers Linde turned DM 8.50 cheaper to DM 484 ex-rights and GHH finished DM 5.50 off at DM 159.

One of the few bright spots was the stores sector which resisted the sharp falls suffered elsewhere. Horten man-aged a DM 2.50 rally to DM 184 as Kauf-hof and Karstadt held steady at DM 256.50 and DM 230 respectively.

Bond prices fell as much as 25 basis

points in quiet trading amid news that the Finance Ministry had cut yields on several standing bond issues. The Bundesbank bought DM 72.8m in paper after Monday's sales of DM 4.8m.

Profit-taking took hold of banks and financials in a weaker Zurich as the recent consolidation phase continued. Exporters were particularly sensitive to currency fluctuations as Brown Boveri lost SwFr 60 to SwFr 1,650 and recently favoured Nestlé shed SwFr 100 to SwFr 6,680. Sandoz retreated SwFr 25 to SwFr 1,385 while Swissair weakened SwFr 50 to SwFr 1,335 on results.

Swiss Bank was marked SwFr 9 lower to SwFr 475 and Winterthur, which was noticeably weak on Monday, gave up a further SwFr 100 to SwFr 4,375. Leading banks cut their customer time deposit rates by 1/4 percentage point to 41/4 effec-

tive today.

Amsterdam closed lower despite a firm undertone and continued pressure on internationals. The ANP-CBS General index slipped 0.8 to 217.0 as Royal Dutch shed Fl 2.10 to Fl 195. Akzo resisted the downturn as optimistic boardroom comments convinced investors of the long term profitability of the fibres group, which finished the session Fl 2.80

higher at Fl 123, a new high for the year. Unilever retreated Fl 1 to Fl 346.50 although Philips picked up 10 cents to Fl

Nedlloyd found strong support and the shipper closed Fl 3 ahead at Fl 177.50. Bonds were largely unchanged although foreign buyers entered the market on a very selective basis.

Light trading also featured in Madrid. Easier banks moved against the firmer trend as Banco Popular suffered a fall of 11 percentage points to 330 per cent of nominal value. Banco Bilbao lost 3 points to 350 per cent, BHA dipped 2 points to 148 per cent. Banco Espanol de

Credito picked up 1 point to 360 per cent. Paris suffered from strong institutional selling while Brussels tended mixed in light trading. Milan languished in a holiday mood and a lacklustre Stockholm saw most leading industrials re-

CANADA

TORONTO stocks continued their slide. affected by Monday's 22 point drop in the composite index and mirroring Wall

Street's overnight performance.

Among actives, inco fell CS¼ to C\$20. Majestic Contractors rose 5 cents to C\$4.40 and International Thomson was unchanged at CS9%.

Southam, also active, gained CS% to C\$65. The company reported lower second-quarter operating profit.

Industrials moved ahead in Montreal, while banks and utilities tended lower.

SINGAPORE

AFTER two weeks of strong gains, Singapore turned lower. Trading was hampered by a mid-afternoon failure of the stock exchange computer and this brought activity to a standstill for the rest of the day.

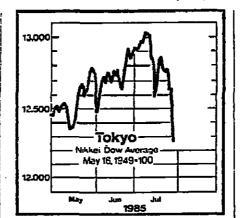
Among stocks to suffer from profit-

taking were Cycle & Carriage, down 6 cents at S\$2.56, Haw Par off 5 cents at S\$2.18, Cerebos down by the same amount to S\$1.95 and Pan-Electric 4 cents lower at S\$2.20.

SOUTH AFRICA

IN THE wake of a weaker bullion price, gold shares ended easier in Johannesburg, pulling most shares down with

Vaal Reefs fell R7 to R163, Buffels R1.75 to R61.50 and Driefontein 50 cents



TOKYO

Decline in confidence triggers fall

FLAGGING investor confidence com-bined with heavy selling by a major life insurance company sent share prices sharply lower in Tokyo yesterday with bank, hidden-asset, and large capital stocks leading the way, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei-Dow market average fell 321.53 points, its second largest ever one-day loss, to close at 12,269.89. With many investors moving to the sidelines, volume fell sharply to 464m shares from Monday's 678m. Declines outnumbered advances by 695 to 148 with 101 issues unchanged.

The setback was triggered early in the morning by heavy share selling by Sumitomo Life Insurance while investors were still preoccupied with Monday's decline in bank stocks, due mainly to Nippon Life Insurance's decision not to cooperate in Dai-Ichi Kangyo Bank's new share issues.

Sumitomo explained that it had sold only a little more than 2m shares in gas, trading and property companies which it had acquired through "specific money trust accounts" with trust banks.

The reaction was because buying by corporations with surplus liquidity, particularly through such trust accounts, has led the market since last spring. Even so, the across-the-board decline stemmed from small-lot sales, and follow-through selling by other corporations was not evident.

Price falls were particularly sharp for high-ranking city banks planning to

raise large amounts of capital by October. Fuji Bank lost Y120 to Y1,600 and Sumitomo Bank the same amount to Y1,880. Dai-Ichi Kangyo Bank shed Y90 to Y1,610. Mitsubishi Trust and Banking moved the maximum Y200 down to Y1,290. Other trust banks and non-life insurance firms also eased. Nomura Securities moved Y90 down to Y1,220.

Elsewhere, domestic demand-related shares lost ground. Among hidden-asset issues, Mitsubishi Estate fell Y39 to Y880 and Nippon Express Y44 to Y450, Penta-Ocean Construction Y20 to Y430, and Ohbayashi Corporation Y22 to Y376.

Moving against the trend, Sato Kongyo rose Y18 to Y458, topping the active list with 31.85m shares. Sumitomo Construction also climbed Y27 to Y355 on speculative buying, second most active with 21.22m shares traded.

Among big-capital issues, Nippon Steel third most active with 16.93m shares traded, lost Y6 to Y172, Mitsubishi Heavy Industries Y13 to Y332 and Tokyo Electric Power Y100 to Y2,080.

Some hiotechnology-related issues fell back, with Dainippon Phar maceutical slipping Y120 to Y3,230. Blue-chip stocks also eased on small-lot selling. The bond market weakened in a

bound of selling by city banks, trust banks and securities firms amid growing concern about continued falling bond prices in the U.S. The yield on the benchmark 6.8 per cent government bond due in December 1994 jumped to 6.48 per cent from Monday's 6.415 per

AUSTRALIA

DESPITE another day of sharp gains for gold stocks in Sydney, most prices ended easier, discouraged by currency fears

and poor performances overseas.

The gold index rose another 15.4 to a record 1,041.3. However, the All Ordinaries index eased by a marginal 1.2 to

Gold miners continued to be bought by overseas investors withdrawing funds from South Africa. Higher international bullion prices were also an in-

Central Norseman rose 10 cents to A\$9.60, GMK 40 cents to A\$11.00, Meta-na 10 cents to A\$3.25 and Renison 10 cents to AS5.20.

Repco, the car parts group, was keenly sought with more than 3.5m shares changing hands at the steady price of A\$1.29. Rumours circulated that Ariadne may be about to launch a takeover bid.

Among miners, BHP eased 2 cents to AS6.62, CRA 4 cents to AS6.12 and MIM 5 cents to A\$2.85 while CSR added 2 cents to AS3.18 and Bell Resources 6 cents to AS7.26.

LONDON

Hopes rise for a further cut in rates

HOPES that the trend towards lower interest rates would continue kept London moving higher yesterday, supported by sterling's resilience in the wake of Monday's reduction in bank borrowing

Dealers were also hoping that the next set of money supply figures, due to be announced on Tuesday, would be more favourable.

Details of the Government's £450m sale of its remaining 48.8 per cent stake in Britoil, with shares offered at 185p, failed to disturb sentiment. Britoil shed 5p to 200p.

The subsequent announcement of NatWest's interim results did check the market's progress, however, and the share dropped 25p to 665p. The group's profits fell well short of estimates.

The FT Ordinary index finally settled up 3.6 for a two-day gain of nearly 12 points at 936.0.

Government securities also improved initially and selected stocks rose % before easing from the day's best. Longardated gilts were unusually neglected and often shed early improvements to

close with scattered net losses. Chief price changes, Page 35; Details, Page 34; Share information service, Pages 32-33

HONG KONG

RESUMING after Monday's holiday. Hong Kong turned mixed on late selective buying after opening easier on profit-taking after recent rallies.

The Hang Seng index failed to pierce the 1,700 level and ended only 2.66 up at

Among properties, Cheung Kong rose 10 cents to HK\$18.00, Hongkong Land was unchanged at HKS6.45 and Sun Hung Kai Properties shed 20 cents to HK\$12.90.

In banks, Hang Seng Bank added 25 cents to HK\$47.50 and Hongkong Bank 15 cents to HK\$7,90. Bank of East Asia slipped 10 cents to HK\$23.40.

Elsewhere, China Light fell 30 cents to HK\$16.00 and Hutchison Whampoa 20 cents to HK\$26.80. Jardine Matheson was unchanged at HK\$12.90



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Mr F G Reeve General Manager Management Services Division National Westminster Bank PLC

Mr Robert B Willumstad Senior Vice President Financial Services Division Chemical Bank, New York

Mr John Harrison Touche Rosse Management Consultancy

Mr John Hardy Head of Automated Banking National Girobank

Mr David Robinson Chairman, CLCB EFT/POS Policy Committee General Manager, Management Services Williams & Glyn's Bank plc

M Louis-Noël Joly Directeur Central Technical Management Division Société Générale Mr Robert P Barone

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